NOTE ON SALT.

A. MONEY, Esq., C.B.

1873

BENGAL SECRETARIAT LIBRARY

NOTE ON SALT.

By A. MONEY, Esq., C.B.

The present state of things with regard to salt all over India is in its main features as follows:—

1*st*.—As regards duties. These are—

Duties.

	Rs.	As.	P.	
Bengal	3	4	0	per maund.
Punjab ... ... North-Western Provinces ... ... Oude and Central Provinces	3	0	0	„
Madras ... ... Bombay	1	13	0	„
Scinde	0	8	0	„
Burmah	0	3	0	„

on imported salt. On home-manufactured salt, the duty is levied by a tax on the pots used for making the salt.

2. In Bengal, the duty is levied on imported salt by sea as a customs duty; on salt manufactured under license within the province, as an excise duty.

3. In the Punjab, the salt licitly consumed is—1*st*, the rock salt from the salt mountain range which extends from Jhelum to the Indus; this salt pays duty before leaving the mines; 2*ndly*, the salt manufactured outside the customs line, mainly in Rajpootana, which pays duty when crossing the line. Sources of supply.

4. The North-Western Provinces consume the salt from the mountain range thus described, also salt which, manufactured outside the customs line, mainly at the Sambhar Lake and in Bhurtpore, pays duty at the line; also salt manufactured under supervision and license at local works within our territories; also eastern salts from Calcutta, and finally, salt educed at the various saltpetre works in the provinces.

5. The licit salt consumed in Oude comes from the same sources as that consumed in the North-Western Provinces.

6. The Central Provinces consume salt brought from the North-Western Provinces which has already paid the Rs. 3 duty; salt from Rajpootana, paying duty at the Central Provinces line; Ganjam salt from Madras; and Kokan salt from Bombay. These last two, which pay to the Governments of Madras and Bombay a duty of Rs. 1-13 per maund at place of manufacture, pay, when crossing the customs line which protects the Central Provinces, the difference between that amount and Rs. 3, the rate of duty for the Central Provinces.

7. The licit salt consumed in Madras is mainly salt manufactured at the sea-side on the eastern coast, and belongs to Government, which sells it at a rate of Rs. 2 per maund. As this rate includes the cost of manufacture (not the real cost at each place, but the average cost all over the province), the duty is such portion of the Rs. 2 as is in excess of cost of manufacture; this latter being calculated at three annas per maund, the duty becomes Re. 1-13.

On the western coast of Madras, *i. e.*, in Malabar and Canara, the salt consumed is Bombay salt, bought and imported by the Madras Government, and sold to the people at the same rate as the monopoly salt is sold on the eastern coast.* The Madras Government are out of pocket by this arrangement, or rather, the profit on the Bombay salt is not equal to the profit on the Madras salt.

8. Of the licit salt consumed in Bombay, very little is imported into the Presidency by sea, paying a customs duty. The larger quantity is either made at the sea-side or in the inland saline desert called the lesser Runn of Kutch. The duty is levied in two ways, either by sale of the salt, as in the monopoly system of Madras, or by an excise duty. The former plan prevails in the Guzerat works, the latter in Kokan. There is a difference, however,

* Letter to me from Mr. Robinson, Member of the Madras Board of Revenue.

between the Madras monopoly system and the same system, where it holds, in Bombay. In Madras the Government buy from the manufacturer as soon as the salt is made. In the Guzerat works and in the Runn, the Government does not pay the manufacturer until a purchaser is found. The Madras system is the more equitable, and affords the better safeguard against fraud.

Customs lines.

9. As many of our territories adjoin those of Native States where salt is manufactured it has been necessary to protect the former by customs lines.

10. The chief line is the one known as the Imperial Customs line. It begins at Torbela on the Attock, the most north-westerly point in the Punjab, runs down the eastern bank of the Indus, then along the northern bank of the Sutlej, then south-east, south and south-west to a point near the north-west angle of the Nizam's dominion, and thence due east to a point a little north-east of Sonepore on the Mahanuddy. This line is in great part a line for the levy of an export duty upon sugar, as well as a line for the protection of our territory against the entrance of free salt. As regards salt, the line from Torbela, its starting point, to Fazilka, where it leaves the Sutlej and goes south, is a preventive line only—it permits the entrance of no outside salt, and levies no duty. From Fazilka to its termination near the Mahanuddy, the line is a preventive and a duty-levying line.

11. The objects aimed at and carried out by the Imperial Customs line are:—

(1.) In the Punjab proper, or the land of five rivers, the exclusion of all outside salt. The salt chiefly consumed is the salt dug out of the salt range of mountains already referred to, as extending from the Jhelum to the Indus. Rock salt from Kohat, earth salt from the strip of country on the western bank of the Indus below Dera Ghazee Khan, and salt from Jessulmeer and Bheekaneer, countries south of the Sutlej, are vigorously kept out by the Punjab portion of the line.

(2.) In the lower Punjab, and in the North-Western Provinces and Oude, the exclusion of all salt from the various Rajpoot States, except such as pays duty at the line; and the exclusion of Bombay salt, except such as pays at the line the differential duty of Re. 1-3.

(3.) In the Central Provinces, the exclusion of Rajpootana salt, which does not pay duty at the line; also the exclusion of Bombay and Madras salt, except such as pays at the line the differential duty of Re. 1-3.

12. The line next in importance to the Imperial Customs line is the Bombay northern line, purely preventive, which, beginning at the Gulf of Cambay above Goga, runs northward to the east of Kattywar and of the two Runns, then deflects eastward to the south of Todhpoor and Oodeypoor, and then southward, ending at Dewud.

13. The objects contemplated by this line are the exclusion of Kattywar salt, of the salt *naturally* produced in the Runns, and of the free salt produced in the Rajpootana and Marwar States.

14. There are other small lines, namely, in Bombay, lines isolating the Portuguese possessions of Damaun and Goa and the territories of the Hubshee.

15. In Bengal a line is in contemplation to begin at Sonepore on the Mahanuddee, near where the Imperial Customs line ends, and to follow that river on its right bank up to Bankee, where it would join the chain of outposts now running up from the sea along the southern frontier of the Pooree district.

16. In the North-Western Provinces, in the Punjab, and in Oude, there is also an internal department or branch of the customs, the duties of which are to check illicit manufacture, supervise the licit manufacture, where such is allowed, and regulate and supervise the manufactories of saltpetre and of kharee, *i. e.*, sulphate of soda.

17. I have no means of knowing the precise cost of each of these lines. The Northern Bombay line costs, I believe, about Rs. 42,000. The Imperial line, including the internal branches, costs over 17½ lakhs, of which the Hoshungabad, Nagpore, and Raipur Divisions together cost something under Rs. 2 lakhs and 70,000. The anticipated expense of the Bengal line from Sonepore down along the Mahanuddee with extra posts in the Southern Tributary Mehals is about Rs. 5,000.

18. Reckoning the cost of the few small other lines in Bombay at about ¼ of a lakh, we have a total cost for all India, in preventive lines, of about 18¼ lakhs.

19. These figures are important, as bearing on the question of revision of the salt duties in India. It is generally assumed, both hazily and hastily, that equalization, or even approximation of duties throughout our Indian territories would be attended with a great indirect gain in the abolition of lines of prevention. Financial effect of revision of duties.

20. This is not so; most of our lines are directed against the entrance of salt coming from territories not directly under our rule.

21. It is clear that equalization of duties could affect those lines alone which are kept up as a protection of one Presidency or Chief Commissionership against the cheaper licit salt of another.

22. In this view the only lines liable to be affected in an economical sense by *any* revision of duty are the Hoshungabad, Nagpore, and Raipur portions of the Central Provinces line, and the Mahanuddee, and outpost line in Bengal. It is very doubtful even whether any part of the Hoshungabad line could be given up.

23. At any rate this is manifest that the saving by abolition of existing lines would be under 3 lakhs yearly, probably about 2½ lakhs.

24. On the other hand, it may be assumed that revision of duty involving enhancement of Bombay duty would entail some enlarged expenditure on the Northern Bombay line to cope with the increased smuggling from Marwar and Kattywar which enhanced profits would occasion. Also, the abolition of the line from Boorhanpoor would probably necessitate an extension of the Hoshungabad line round the southern corner of the Rajpootana States, to keep out salt coming through Holkar and Sindhia.

25 Finally, therefore, the effect on lines of prevention of a revision of duties is financially a matter of no very great importance, and in that sense need hardly be considered as affecting the question of such revision.

26. That question is one of revenue, of politics, and of social life. It has been accepted as a principle undeniably correct in theory that the State should throughout India realize at the same rate from the one single tax which every where affects all classes. There are so many cases where injustice would follow the enforcement of the principle that we may either reject it altogether as wrong, or fence its application round by exceptions so numerous as to destroy the value of the proposition as a rule of conduct. Principle of the salt tax

27. Taking the North-West rate of Rs. 3, or the higher Bengal rate of Rs. 3-4, as the starting point, theory contends that the Government ought to levy a similar tax in every province.

(1.) But clearly it is undesirable that it should do so, if doing so would anywhere foster discontent and thereby produce a political danger.

(2.) It is undesirable that it should do so where, if anywhere, owing to greater poverty, the tax would fall with additional severity and affect the general health.

(3.) It is also undesirable that it should do so where the conditions of life necessitate a larger consumption of salt, and where, therefore, an equal duty would entail an unequal incidence and greater privation.

(4.) It is also undesirable that it should so, where the price to the consumer is greatly enhanced by the action of Government unconnected with the duty.

(5.) It is also undesirable that it should do so where, owing to proportionately greater payments under other heads, the taxable margin is smaller than in parts of the country not so affected.

(6.) Again, it is undesirable that it should do so whenever another tax of universal application exists.

(7.) Finally, it is undesirable that it should attempt to do so where such attempt would lead to evasion of all duty by illicit manufacture, or to an expenditure out of proportion to the profit.

28. There may, however, be instances of parts of the country coming under one or more of these heads, and on that account being entitled to a lower

rate of duty, where yet, owing to the people having become accustomed to the weight of the unequal taxation, it would be a financial blunder to sacrifice a large revenue for the purpose of removing a theoretical injustice.

Former proceedings.

29. Before proceeding further, it may be as well to give a short abstract of what has been done and what has been proposed, and also an outline of the discussions held and arguments used, in connection with the subject of salt during the last few years.

30. There is no practical object in going very far back. There have always been two opposing opinions about our salt revenues. One class of politicians, looking at the great disproportion between the rate of duty and the cost of production, have incessantly urged a low uniform tax, by reduction of the higher rates to the Madras and Bombay rates, or to even lower ones; the other, bearing in mind the fact that the salt tax is the only impost paid by the poorer classes, have been in favor of a high tax, and of raising the Madras and Bombay rates to the level of the Bengal or Upper India rate.

31. The Supreme Government has oscillated between the two extremes, sometimes leaning to the one, sometimes to the other.

Opinions of Local Governments.

32. In 1867, it asked the opinions of all local Governments as to the practicability and expediency of raising the duty within the territories of each to the Bengal standard Rs. 3-4 per maund.* The Madras and Bombay rates were then Re. 1-8, and the rest of India, except Bengal, Rs. 3.

33. The Central Provinces assented† to the increase, an increase of 4 annas per maund. The reasons given were that, since 1861, the year in which the duty had been fixed at Rs. 3, prices of produce generally had risen cent. per cent., and wages 60 per cent., while the price of salt had remained stationary, or had fallen, as at Nagpore, from $6\frac{1}{2}$ to $8\frac{1}{2}$ seers per rupee. The railway had cheapened Bombay salt greatly, and the Chief Commissioner considered "that a duty of Rs. $3\frac{1}{4}$ would now be lighter than a tax of Rs. 3 was three years ago."

34. The North-Western Provinces also assented,‡ and on the same grounds of rise in price of produce and in wages. "The condition of the lower classes of these provinces is better than it has ever been within the memory of man" the Board of Revenue reported to the Government.

35. The Punjab assented,§ in consideration of "the fact that, while the value of money has fallen and is falling in a decided manner, the circumstances of the people of all classes have improved and are improving." The Lieutenant-Governor's assent, however, appears somewhat illogical in the light of his statement that "there can be no doubt that the average consumption of salt in this and other provinces in India, as shewn in the returns furnished by Mr. Roberts, is exceedingly small."

36. The dissenters were Burmah,‖ Bombay for Scinde,¶ Bombay for itself,** Madras,†† and Oude.‡‡

37. The main ground of Burmah's objection was the existence of a poll tax in that province. This ground is all-sufficient. The justification of a tax upon salt, based on no consideration of the cost of the article, is that the tax is merely a means of raising from the masses some contribution towards the expenses of Government. This tax has been called the income tax of the poor and the Indian poll tax. The first name is a misnomer, as a man may eat more or less salt, and his expenditure depends more on the size of his family than on the extent of his income. The second name is accurate enough. As a poll tax already exists in Burmah, and every one contributes to the charge of Government, it would be unfair to the people to introduce another universal tax at the rate levied where the majority of the population pay nothing else. This exception comes under the 6th head of the exceptions in paragraph 27.

38. The rate of duty in Scinde was, and is, 8 annas per maund. As an abstract matter of justice, there is no reason why the people of Scinde should pay less for their salt or contribute less to the Imperial treasury than the people of Bombay. But there are practical difficulties in Scinde which render it advisable to keep the duty low. The country is dotted with saline tracts, is traversed by a Native State, where salt is made, and along its entire eastern

* Circular No. 977 of 27th June 1867.
† Letter No. 2780-245 of 12th July 1867.
‡ Letter No. 142A of 3rd October 1867.
§ Letter No. 555 of 12th October 1867.
‖ Letter No. 1334-94 of 31st July 1867.
¶ Letter No. 383 of 28th January 1868.
** Letter No. 382 of 28th January 1868.
†† Letter No. 338 of 6th February 1868.
‡‡ Letter No. 4503 of 23rd December 1867.

frontier is bordered by Native States in which the manufacture of salt is largely carried on. Its conditions in fact are similar to those of the North-Western Provinces, and for a high rate of duty it would require the same safeguards of an internal customs department and a frontier customs line. This expensive machinery yields good results financially in Upper India, for it protects the duty on the salt consumed by 72½ millions of people; but the population of Scinde is estimated at less than 2 millions, and it would never pay to apply to such small numbers an expensive protecting establishment. Scinde's protest against a high rate of duty was one which could not be gainsaid. The case comes under the last head of the exceptions in paragraph 27.

39. Whether, however, Scinde should continue to enjoy a rate of duty as low as eight annas per maund is a question which will be discussed further on.

40. The dissent of Bombay was expressed in 14 short paragraphs. The Government of this province has never condescended to discuss at length, like the Government of Madras, the reasons for or against an increase of duty. In 1867, it based its objections—

1*st*.—On the supposed injustice of taking the salt tax by itself. The system of taxation, the Government said, should be reviewed as a whole everywhere before a fair comparison can be made. Bombay has taxes unknown in Bengal, such as tolls, local cesses, a tax and succession duty on inam holdings. Moreover, in Bengal, the land revenue is stationary. In Bombay, each fresh assessment increases it.

2*ndly*.—On the asserted fact that "there is no increase in the consumption of salt." From 1854-55 to 1858-59, the last five years of the duty at twelve annas, the average yearly consumption was said to have been nearly 35 lakhs, while from 1862-63 to 1866-67, with a duty of Re. 1-4 and Re. 1-8, only 32½ lakhs of maunds were, it was stated, consumed.

41. It is unnecessary at this point to discuss the arguments and statements under the first of these two heads. As to the figures under the second, they would, if correct, have afforded a very strong argument against any fresh increase of duty; but there is great reason to doubt their correctness.

The mistake has apparently been made of including within the consumption of the first set of five years all the salt exported to Calcutta, and excluding such salt for the last five years. During the first five, the salt so exported paid the Bombay duty. After 1859-60, the export was free, the full duty being realized in Calcutta. It is quite clear that for the purposes of the Bombay Government's argument, this salt exported to Calcutta should have been left out of consideration altogether. But if included, it should have been shown for the second set of five years as well as for the first. The comparison would then stand thus—

Total for the five years from 1854-55 to 1858-59 under the following heads:—

	Maunds.
Local produce delivered for home and inland consumption... Foreign salt imported ... ... Salt exported to Calcutta	1,74,47,624
Total for the five years from 1862-63 to 1866-67 under the same heads	1,79,67,426*

If the first total be divided by 5 for the average outturn of each year, it gives for the consumption of each year 34,89,524 maunds, which is something under the "nearly 35 lakhs" of the Bombay Government, but the average outturn of each of the five years of the second set of years is 35,93,485, or nearly 36 lakhs, instead of 32½.

42. As I said before, however, the exports to Calcutta have nothing to do with the matter. The argument of the Bombay Government was that, under the increased duty imposed in 1861, the consumption of salt was less during the

* This includes the figures for April 1867 (except exports to Calcutta in that month), although the year ended for the first time in March. Without April the figures of comparison would not have been for the same number of months. The Financial Blue Book does not give the exports for April 1867 separately. At the average of Calcutta exports for the 11 months of 1867, the exports of April would be 48,686 maunds, and the totals, therefore, for the second period of 5 years would be ~~1,800,112~~, or just over 36 lakhs yearly.

1,80,16,112

five years which followed such increase than it had been during the last five years of the low duty which terminated in 1858-59.

43. Clearly, therefore, the only salt which should have formed the basis of comparison was, 1*st*., salt consumed by the Bombay people themselves, *i. e.*, local produce for home consumption and foreign salt imported; and 2*ndly*., salt for inland consumption, *i. e.*, salt carried across the frontier to Hyderabad, Central Provinces, &c., after paying the Bombay duty.

44. The calculation thus made gives the following results:—

		Maunds.
For the five years from 1854-55 to 1858-59	...	1,48,35,246
Ditto ditto 1862-63 to 1866-67	...	1,52,55,112

Or an average of consumption for each of the first five years of over 29½ lakhs, and for each of the last five years of over 30 lakhs.

45. The Bombay Government seems to have fallen into the error I have pointed out by simply comparing the duty-paying salt of the first five years with that of the last five. It overlooked the fact that, during the last five, salt taken to Calcutta paid the whole duty there, instead of, as before, part at Bombay and part in Calcutta.

46. The correct figures for the two periods selected for comparison by the Bombay Government give results directly opposed to those on which the Bombay argument was based. They show that the increase of duty from 12 annas to Re. 1-4, and then to Re. 1-8, did *not* check consumption, which was greater under the higher than under the lower duty. Moreover, had the comparison been carried on for two or three years more, the results would have told with still greater force against the Bombay argument, for in 1868-69 the sales for consumption were higher than they had ever been before, except once.

47. Properly, the salt going to the Central Provinces should be excluded from the comparison as well as salt going to Calcutta. In neither case is the quantity for export affected by the rate of Bombay duty. It is the duty at the place of final delivery which alone touches the supply. For example, had the duty in the Central Provinces remained at Rs. 2-8 when the Bombay duty was raised to Re. 1-8, the only difference to the Central Provinces' importer would have been the necessity of paying a larger proportion of the first duty at Bombay and a smaller at the Central Provinces line. On each maund he would have paid exactly the same duty as before. I am unable, however, to distinguish, with regard to Bombay salt for inland consumption, between salt going where a higher duty rules and salt going where it has nothing to pay in addition to the Bombay duty. But as the salt of the first description is included in the figures for both sets of years, its inclusion in no way invalidates the comparison.

In paragraphs 68 and 69 of his report upon the internal management of the Salt Department in Bombay (1871), Mr. Pedder makes a comparison between a period of fifteen years ending with 1857-58 and the years following, and, like the Bombay Government, establishes a decrease of consumption. But Mr. Pedder also has included for some years of his first period, *i. e.*, from 1853-54 to 1857-58 the exports to Calcutta, and omitted them for subsequent years. This vitiates his calculations and conclusions.* In paragraph 67 of his Report, Mr. Pedder declares that he has shewn separately in each year deliveries for inland consumption and exports to Calcutta. Unless the Financial Department's figures are all wrong, this cannot be as regards the years from 1853-54 to 1857-58, as Mr. Pedder's figures under the head "deliveries for inland

* It is necessary, I should explain, where I get the figures which have led me to the conclusion that the Bombay Government fell into a serious error of calculation in 1868. They come partly from the Blue Book of Statistics published by the Financial Department, and partly from the statement in paragraph 67 of Mr. Pedder's report. The figures for each year of the first period of five years are the same in both records, except as regards 4 maunds in 1856-57 and as regards the last year, 1858-59, where there is a difference of 4,21,729 maunds. This last difference is owing to the fact that Mr. Pedder's figures for 1858-59 do not show exports to Calcutta as do his figures for previous 5 years. The figures for each year of the second period of five years, as regards salt for home and inland consumption and imported salt, differ considerably. The reason appears to be that, just before the second period, North Canara had been transferred from Madras to Bombay, and its consumption for that period is included in the Financial Department returns. As Mr. Pedder's object was to compare the effects of low and high duties, he excludes the North Canara figures from his second period, as they necessarily could not be shewn for the first. For the same reason I have taken his figures. The Financial Department figures would have told much more against the statement of the Bombay Government. To Mr. Pedder's figures for the second period, which do not include exports to Calcutta, while his figures for 4 years of the first period do, I have added those exports, as shewn separately in the Financial Department Blue Book.

consumption" are the same as the Financial Department's figures, which do include exports to Calcutta.

48. Unlike Bombay, Madras defended its dissent by a multitude of reasons and elaborate calculations. Briefly stated, these were as follows :—

1*st*.—The Madrassee pays already more for salt than the inhabitants of any other part of India. In 1859-60, the last year of which statistics are available, the rate of salt tax per head of population in Madras was 5¼*d*. to 5*d*. on the average of all India.

2*ndly*.—During the early portion of the century, every increase of price in salt diminished consumption. Though this has not been the effect of late additions to the price, it does not appear that increase of consumption has kept pace with increase of population.

3*rdly*.—A remarkable instance of the bad effects of increasing the duty occurred in Cuttack. In 1863-64, the increase of duty in that province led to a falling off of 4,772,000 lbs. in the sales. At the same time, the Ganjam sales, where the duty was low, increased by 9,182,676 lbs. The public finances thus benefited by the substitution of the cheaper for the dearer salt.

4*thly*.—Madras offers by its extensive sea-board great facilities for illicit manufacture; the only check on such manufacture is a moderate price fixed to the licit article.

5*thly*.—The incidence of the land tax is much heavier in Madras than in Bengal. It would be unjust, therefore, to equalize the salt tax.

6*thly*.—A great increase of duty would probably tend to repress consumption. The finances would be more likely to suffer than to benefit.

49. All these arguments and conclusions will be more conveniently discussed later.

50. Oude's dissent was expressed in strong terms, and supported by many facts, figures, and statements. Mr. Strachey was then Chief Commissioner. He entered into an elaborate discussion to prove that 12lbs. per head of the population is the minimum quantity necessary for health in Upper India. As the quantity of licit salt consumed in the North-Western Provinces, the Punjab, and Oude was not equal to 6lbs. per head, Mr. Strachey reasoned that the people do not get a sufficient quantity of salt. His conclusions were mainly based on a very full report by Mr. Braddon, Superintendent of Excise in Oude.

51. Prior to the enquiries thus made by the Supreme Government in 1867, with a view to an increase of duty, the Bengal Government had stated its opinion that if money was required for the Imperial Treasury it could be more conveniently raised by an addition to the salt tax than in any other form.

52. In 1867, therefore, there were in favour of raising the salt duties the Supreme Government, Bengal, the North-Western Provinces, the Punjab, and the Central Provinces. Against any increase were Bombay, Madras, and Oude. I omit Burmah and Scinde as outside the pale of discussion.

Discussions in Council.

53. The last of the opinions above given, that of Madras, did not reach the Supreme Government till March 1868. Nothing was done till August. By that time the views of the Supreme Government seemed to have undergone a partial change. The revision of the salt duties was taken up in Council, but there was no longer any idea of increasing the duty in Upper India. On the contrary, the starting point of the discussions which ensued was the necessity of reducing the Rs. 3 duty of Upper India and the duty of Rs. 3-4 in Bengal. With the exceptions of Sir H. Durand and Mr. Maine, the entire Council were agreed as to the expediency of these reductions. The point on which there was, among those so agreed, a diversity of opinion, was as to raising the duty in Bombay and Madras, so as to bring it nearer to the up-country duties. Finally, a proposition went home to the Secretary of State to lower the duty in Bengal from Rs. 3-4 to Rs. 2-12; in Upper India and Central Provinces, from 3 to 2-4; and to raise it in Bombay and Madras from 1-8 to 2.*

Views of Secretary of State.

54. The Secretary of State's answer, January 1869, was a very cautious one. He begins by stating that he does " not desire to see any steps taken involving serious loss in the revenue derived from salt, except upon evidence that the tax

* Letter from Supreme Government, No. 25, of 29th September 1868, to Secretary of State.

as now levied is seriously oppressive to the people." He declines to give sanction to the raising of the rate of tax in the minor presidencies. This refusal is based on the remonstrances of the Governments of these two Presidencies, on the facilities for illicit manufacture which exist in them, and on "the fact that the existing rate of duty yields in those provinces a proportionate return nearly double that of the higher rate of duty elsewhere."

"The Government of Bombay," the letter says, "brings forward evidence to show that the last increase of duty was productive of a marked decrease of consumption."

55. I have already, in paragraph 41, pointed out that the Bombay Government's evidence on this point was entirely incorrect and misleading, and that instead of a decrease there had been an increase in consumption under the higher duties.

56. The letter rather deprecates any reduction of the tax in Bengal. With regard to Upper India, and the reduction thought necessary there, it is pointed out that to be of any use a decrease of the rate of tax must be a substantial decrease. "Very small reductions of duty, which do not tell at once upon the price, are very apt to fail in cases where a large reduction would succeed."

Finally, the whole matter was referred back to the Government of India for reconsideration.

Increase of duty in 2 Presidencies.

57. In September 1869, in view of the apprehended great deficiency of the general revenue, which had been the subject of communication between the Supreme and local Governments, the Madras Government offered to raise the duty on salt 3 annas.* It eventually agreed to an increase of 5 annas, thus bringing up the selling price to Rs. 2.† Bombay reluctantly assented to a similar increase.‡

58. No change has since been made, but last year, in answer to a general enquiry by the Supreme Government embracing all heads of taxation, a mass of fresh opinions was collected on the effect of the salt tax. Taking each province separately, the opinions were as follows§ :—

Opinions of Local Governments on effect of salt duties.

59. *North-Western Provinces.*—The Lieutenant-Governor and all district officers who referredto the subject of salt declare that the duty is not felt by the people as a hardship, or even as an annoyance.

60. *Punjab.*—The Lieutenant-Governor says the salt duties "are universally accepted as legitimate," and that there is no evidence "to show that their incidence is such as to cause any real distress to even the poorest classes." The local officers differ in opinion; two believe the tax is an oppressive one, and that it is so considered; eight view it favourably, and think the people are not at all opposed to it.

61. *Oude.*—The Chief Commissioner does not refer to the subject. Only three local officers do so, and each of the three declares the salt duties press very heavily on the poorer classes (generally in Oude, it was understood that the enquiry of the Supreme Government did not embrace old-established taxes, and the duty on salt was therefore not mentioned).

62. *Central Provinces.*—The Chief Commissioner considers "the tax itself quite unobjectionable and not a cause of discontent." The local officers also have nothing to say against it, but they and the Chief Commissioner speak strongly of the bitter feeling excited among the people by the exactions and oppressions of the subordinates attached to the customs line.

63. *Bengal.*—The Lieutenant-Governor has no objections to raise against the high rate of duty current in the territories under his charge, except perhaps as regards Orissa. But he is strongly opposed to the rates of duty which hold in the Central Provinces, the Punjab, and Oude.

He considers these too high, and the rates in Madras and Bombay too low. Of the 42 local officers whose opinions are recorded, only three mention the salt duties at all, and those three favourably. As the Government call was to report on such taxes as excited any discontent, the absence of reference to the salt tax is a strong proof that in Bengal this tax is not a subject of complaint by the people.

* Telegram of 14th September 1869.
† Telegram of 18th September 1869.
‡ Telegram of 29th September 1869.
§ See Blue Book. Reports on Taxation in British India.

64. *Madras.*—The Supreme Government of India, while requiring from the Governments of Madras and Bombay the same information regarding general taxation that it had called for from the other local Governments, had brought again under consideration the question of equalizing the salt duties by raising the tax in the two minor Presidencies to a level with that of Bengal or Upper India. The question in the two Presidencies divided itself, therefore, into two heads, the effect of present duties and the effect of the suggested increase of duties. The Governor of Madras says nothing as to the first of these two divisions of the subject. As to the second, he records a strong opinion against any increase whatever. The Revenue Board affirm that the late increase of Rs. 2 has checked consumption; they protest against any further increase. Mr. Sim, Member of Council, says "the salt tax is but little complained of;" he deprecates any enhancement of the rate, as likely to check consumption. Twenty-two local officers and native gentlemen give their opinions on the general question of taxation, but only three refer to salt, to the effect that at present the duties excite no discontent, but that they have reached the safe limit of increase, as any further rise would be attended with hardship to the people and short consumption.

65. *Bombay.*—The Governor does not refer to the salt tax, nor in reporting on such taxes as excite discontent or dissatisfaction does any one of the 28 local officers who answered the Government call make any allusion to the salt duties.

66. These opinions of local Governments and district officers are very valuable as bearing upon the much disputed question whether or no the present salt tax is oppressive in its effects upon the people. In 1872, as before in 1867 and 1868, the only complaint comes from Oude. The official testimony from all other parts of India is, with few exceptions, clear and decided that the salt tax excites no dissatisfaction, and does not bear oppressively on the people. In Bengal, the tax at its present rate has for years been accepted without a murmur.

In the latter part of 1868, the majority of the members of the Supreme Government recommended a reduction in the tax in Bengal, but their action in this respect was simply the consistent outcome of their wish to lower the high rates of Upper India. There were reasons, at that time considered sufficient, for believing that the people of Upper India suffered from the high rate of duty, but not a tittle of evidence was forthcoming to show the existence of either dissatisfaction, oppression, or suffering in Bengal. It was held, however, that if the Rs. 3 duty was lowered, the Rs. 3-4 duty must follow, and the loss of a large amount of revenue was the sacrifice contemplated to ensure this logical fitness and congruity.

Effect of tax in North-Western Provinces.

67. As regards the North-West Provinces, there is and has been a good deal of difference of opinion as to the effect of the tax. In 1856, Mr. Plowden considered the quantity of salt imported was "less than half the quantity required for human consumption alone." In 1863, Colonel Bruce, in his report on the salt sources of India, declared his belief "that we have failed to introduce into the North-Western Provinces more than one-third of the salt which, it is calculated, must be consumed by the aggregate population." In 1868, the then Governor General, Sir John Lawrence, wrote*—"I have long been of opinion that the salt duties on this side of India are much too high. I am fully convinced that the great enhancement which those duties create in the price of salt operates injuriously on its consumption, encourages smuggling, and is detrimental to our interest in a political point of view." In the same year, Mr. Strachey, then Member of Council, said—"I am satisfied that the people of Northern India are suffering from a permanent salt famine." On the other hand, the Government of the North-Western Provinces and the Board of Revenue, as already mentioned, were, in 1867, favorable to the addition of an extra 4 annas to the duty.

In 1869, the Lieutenant-Governor, Sir W. Muir, officially reported to the Supreme Government,†—"On the assertion that there is a permanent salt

* Minute of the 14th August, 1868.

† Letter No. 13A of the 16th February, 1869, from Secretary. Government, North-Western Provinces, to Supreme Government.

famine in Northern India, the Lieutenant-Governor can only say that he has never heard of it. In a position for many years to hear every kind of grievance, real or imaginary, His Honor cannot call to mind a single complaint that salt was scarce or even that it was dear; and marching in various years along the customs frontier line from Delhi to Saugor, there has appeared to him no preceptible difference in the condition of the people or cattle on the taxed side from those on the untaxed. His Honor is persuaded that the fear expressed on this head is not founded on fact." Again, last year, when replying, as already mentioned, to the Supreme Government's general circular about taxation, the Lieutenant-Governor wrote,—"The Lieutenant-Governor has repeatedly stated that he does not share in the objections raised by some eminent authorities to the salt duty. In no instance that he ever heard of has there been any scarcity of salt in the market, nor does he remember hearing from any class of the community the complaint that the imposition was anywhere felt as a grievance.

Contradictory statements.

68. One of the difficulties I experience in drawing up this note arises from the contradictory testimony and statements on matters which one would suppose to be well known and outside the pale of discussion. In the extracts I have just given from the opinions of men in office, men of great experience, men of observation, of marked ability, men expressing their views under a sense of high official responsibility, may be seen one strong instance of this singular discrepancy on a simple question of fact.

Another instance was the conflicting statements in 1868, as to the real effects of the tax in Oude. From the Commissioner downwards, all the officials declared the people suffered from the tax, and that the poorer classes were unable to buy sufficient salt. The Commissioner of Customs asserted with equal vehemence that "the whole of the country in rear of our line is fully and adequately supplied with salt, there being nothing in its price to prevent the very poorest obtaining the fullest supply that his health demands,"* and his subordinates agreed with him.

69. There seems to be something in the subject of salt which naturally leads to diversity of opinion, even in the mind of the same official writing at different times. Thus, as regards the amount of individual consumption, a most important question, I find that the Commissioner of Inland Customs in 1868 gave figures which led Mr. Strachey to calculate the consumption per head in Upper India at 5·2lbs., while the Commissioner himself contended that a consumption under 6lbs. per head was amply sufficient;† then in 1869, I find the Commissioner calculating the consumption at 7lbs. per head, and in 1870 at 7⅓‡ These widely-differing results are produced mainly by assuming for the two latter years a consumption, including Bengal, of smuggled or untaxed salt of 8,58,000 and 9,20,000 maunds respectively, and for certain districts of Upper India a consumption of Eastern salt (*i.e.*, salt from Calcutta) of 10,000 tons, or maunds 2,72,222.

70. The singular contradictions and opposing statements of individuals can, I think, be partly explained. One officer bases his belief of the incidence of the tax on the statistics of consumption, another on the retail price. A third argues that, where there is no outcry, there can be no suffering. On this latter view, the following remarks of the Secretary of State in his letter of 21st January 1869, are as just as they are appropriate :—

"I observe that several of those officers whose opinions upon this question have been given in the papers before me found that opinion upon what they have heard, or what they have not heard, in the way of complaint among the native population. But this is a very unsafe ground of judgment. It is one of the great advantages of indirect taxation that it is so mixed up with the other elements of price that it is paid without observation by the consumers. Even at home, where the people are so much more generally educated and more accustomed to political reasoning, the heavy indirect taxes formerly levied upon the great articles of consumption were seldom complained of by the poor. They were not themselves conscious how severely they were affected by those

* Letter from Commissioner of Customs, to Financial Commissioner, Oude, of September, 1867, paragraphs 12 and 13.

† Mr. Strachey's Minute of 8th September, 1868, paragraphs 6 and 11.

‡ Customs' Reports for 1868-69 and 1869-70, paragraphs 32 and 29, respectively.

taxes, and how much more of the articles they would consume if the duties were lower.

"But, whilst this peculiarity of indirect taxation makes it a most convenient instrument of finance, it throws additional responsibility upon all Governments which resort to it, to bring the most enlightened consideration to bear upon the adjustment of taxes which may really be very heavy and very unjust, without the fact being perceived or understood by those on whom they fall."

71. As illustrating the truth of these remarks, I append the following extract from a letter from the Commissioner of the Sitapur division, Central Provinces, written last year:—"The poor, he says, undoubtedly grieve over the dearness and scarcity of what is an absolute necessary of life, but they do not, so far as I know, connect their distress with the taxation which causes it, any more than they connect dear grain with the land revenue; the evil is accepted as an inevitable condition of their hard and cheerless lives." He might with truth have added that the lower classes generally, except where manufacture is feasible, are not even aware of the existence of a salt tax.

72. The variance between Sir W. Muir and Mr. Strachey was probably partly owing to the fact that the latter spoke from his recent experience as Chief Commissioner of Oude, the former entirely from his observations in the North-Western Provinces, and even then mainly, as his letters seem to show, from what he had seen near the customs line. Now it must be remembered that the state of things near the line is somewhat different from the state of things at a distance, and that, as a rule also, salt is much cheaper in the North-Western Provinces than in Oude. Near the line, as far south as Etawah, a good deal of smuggled salt comes into consumption which pays no duty, and also a good deal of untaxed but licit salt; people resident near the line being allowed at all times to cross it and bring back small quantities, not exceeding one seer, without payment of duty.

Consumption of salt, according to Customs' calculations.

73. I find it more difficult to reconcile the varying figures of the customs reports. These figures, as regard the quantity of untaxed salt said to be consumed, are mere assumptions, and the assumptions themselves change and vary, as will be seen from the following tables, to be found at pages 5 and 6 of the Inland Customs Reports for 1868-69 and 1869-70:—

Table shewing the amount of Salt consumed by the population in rear of the Inland Customs line.

Whence derived.	In 1868-69.	
	Maunds.	Tons.
(1) TAXED.		
Punjab mines	12,60,193	46,293
Imported across the Customs line	37,67,143	138,382
(2) Paid duty to Internal Department	14,537	534
Imported or manufactured in Bengal	72,83,929	267,573
TOTAL TAXED	1,23,25,802	452,782
(3) UNTAXED.		
Illicitly manufactured in Behar	3,00,000	11,020
Do. in Oude and North-Western Provinces	1,00,000	3,678
Imported from Rewah	33,000	1,212
Ditto Thibet	50,000	1,836
Ditto Mundi	30,000	1,102
Imported through Sonepore and the Tributary Mehals	1,20,000	4,408
Manufactured in Puttiala, Jheendh, Nabha, &c.	25,000	919
Smuggled in the Punjab, across the line, and in Bengal	2,00,000	7,346
TOTAL UNTAXED	8,58,000	31,516
GRAND TOTAL	1,31,83,802	484,298

Table shewing the amount of Salt consumed by the population in rear of the Inland Customs line.

Whence derived.	In 1869-70.	
	Maunds.	Tons.
TAXED.		
(1) Punjab mines	14,62,607	53,733
Imported across the Customs line	38,49,495	141,421
Paid duty to Internal Department	17,269	634
(2) Imported or manufactured in Bengal	77,83,409	285,944
TOTAL TAXED ...	1,31,12,780	481,732
(3) UNTAXED.		
Illicitly manufactured in Behar	350,000	12,858
Ditto in Oude and North-Western Provinces	90,000	3,306
Imported from Rewah	30,000	1,102
Ditto Thibet	50,000	1,836
Ditto Mundi	1,00,000	3,673
Imported through Sonepore and the Tributary Mehals	1,00,000	3,673
Manufactured in Puttiala, Jheendh, Nabha, &c.	20,000	735
Smuggled in the Punjab, across the line, and in Bengal	1,80,000	6,612
TOTAL UNTAXED ...	920,000	33,795
GRAND TOTAL ...	1,40,32,780	515,527

74. Of these various untaxed items I have no official knowledge, except as regards the untaxed salt in Behar; this is salt educed in the manufacture of saltpetre. Mr. Hume increased the quantity in his statement by 50,000 maunds in 1869-70, because the trade in saltpetre had been a little brisker.

75. I am convinced that the smaller quantity, 3,00,000 maunds, is greatly in excess of the truth. The Bengal Board of Revenue have had this question of Behar salt before them very often, and have always come to the conclusion that the amount of the manufacture is not large. Mr. Hume trusts entirely to the figures given by two of his subordinates, who made a local enquiry in Behar, but those figures were and could be little more than guesses, and are opposed to the opinions often expressed of the best local officers.

76. Another one of the assumed quantities of untaxed salt has since 1869-70 been proved to be incorrect, namely, the item relating to the quantity of salt "manufactured in Puttiala, Jheendh, etc." An enquiry into this matter was held in 1870 by one of the customs officers with the result that in the Customs report for 1870-71 the amount entered under this head is 10,000 maunds, instead of 20,000. Guess statistics do no good, and in matters of importance often lay the foundation of serious and mischievous errors. My object in noticing the estimates of untaxed salt made by the Commissioner of Customs is not the barren one of proving or trying to prove that that officer, amidst the many figures he had to deal with, may have made an occasional mistake. I have only noticed this matter of untaxed salt, because it has a close relation to the very important question of the amount of consumption per head in Upper India. The statement made by Mr. Hume in 1869-70, that that consumption was $7\frac{1}{3}$ lbs., was not disputed at the time, was accepted, I presume, by the Government, and was adopted by the Department until, in his report for 1871-72, Mr. Batten came to the conclusion that "it seems unnecessary to repeat the purely conjectural figures given last year." Now I believe that statement to be quite erroneous. It is based, *first*, on the figures of untaxed salt, the largest item of which my own official knowledge leads me to disbelieve, and the remaining items of which are purely conjectural; *2ndly*, on the assumption that 10,000 tons, or 2,72,222 maunds, of Eastern salt are consumed in the divisions of Fyzabad, Benares, and Goruckpore; *3rdly*, on what appears to me to be an excessive allowance given for population outside the line; and *4thly*, on under-estimates of the population of the different provinces, an error which was then unavoidable. I have already said all I have to say as to the first head. As to the second, I have made enquiries from local officers. The Superintendent of Excise in Oude says, as regards the Fyzabad division, "I can say positively that the Fyzabad division consumes little or no Eastern salt." The Magistrate and Collector of Benares writes:—"The salt-dealers here say that

one-third of the salt consumed comes from Calcutta, two-thirds from the Punjab and Rajpootana." The Opium Agent at Ghazeepore, who at my request enquired into this matter, declares that very little Eastern salt is consumed in the neighbouring districts. Goruckpore alone, according to the Collector's report, appears to consume chiefly Eastern salt.

77. Again, any Eastern salt going to the divisions mentioned by Mr. Hume must go either by the river or by rail. Now, the railway in 1869-70 carried beyond Buxar only 23,011 maunds,* and this was not an exceptionably small quantity, but a larger quantity than usual, very much larger than the quantity of the preceding year, and about 1,500 maunds more than in the following year. Clearly, therefore, the rail did not take up to the North-Western districts the 10,000 tons of Eastern salt Mr. Hume credited them with. Did the river? In the light of the answers from local officers quoted above, I should be inclined to think not; the entire importations of *all kinds* of salt into Gonda and Fyzabad, the two districts through which all Eastern salt for Oude must pass, were in 1869-70 maunds 30,734. As the best authority in the province says, very little Eastern salt is consumed in either district. It follows that the larger or the whole portion of those 30,734 maunds must have been Western salt; but even had they been all Eastern, the quantity would have gone but little way towards 10,000 tons.

78. There are no statistics of the quantity of salt that went up to the North-Western Provinces in 1869-70 by river; there are figures for last year, obtained by a registration at Sahebgunge of boats proceeding upwards. I do not place much confidence in these figures. Such as they are, they give a total of Eastern salt carried by river to the North-Western Provinces during the year of maunds 79,557. † There is no reason to suppose these imports were larger in 1869-70; rather the reverse. Taking the quantity at the same amount, we have, according to such statistics as are available, a yearly import of Eastern salt into the North-Western Provinces by rail and river of a little over one lakh of maunds, or not half 10,000 tons. Moreover, some of the salt taken to Mirzapore goes thence to Chota Nagpore (the Commissioner, Colonel Dalton, has stated this) and is not therefore debitable to the North-Western Provinces.

79. As to the 3rd head, Mr. Hume calculates the inside line population of the Punjab at 14 millions. These figures appear to me much under the mark. The population of the entire Punjab is a little over 17½ millions. A glance at the map will show that an allowance of 3½ millions for the strip of land outside the line is excessive. Similarly, as to the Central Provinces. The population is over nine millions; two millions out of this for the piece to the south of the line seems a great deal. I think an allowance of four millions for the parts outside the line in both provinces would be ample, and, if anything, too much rather than too little.

80. As to the 4th head, the correct populations of Oude and the North-Western Provinces were not known when Mr. Hume wrote, and were naturally under-estimated.

81. I come now to my own calculation. According to the best estimate I can make, the consumption per head in Upper India is as follows:— Consumption of salt in Upper India.

	Population.
North-Western Provinces	31,400,000
Oude	11,220,232
Punjab	17,593,946
Central Provinces	9,104,511
	69,318,689
Add, as estimated by Mr. Hume, for Independent Bundelkund, Rampore, Puttiala, &c.	8,000,000
TOTAL ...	77,318,689
Deduct for Punjab and Central Provinces outside line	4,000,000
NET TOTAL ...	73,318,689

* Revenue Board's letters to Government, 4029C, of 3rd September, 1869.
Ditto ditto ditto 5829C, of 21st December, 1869.
Ditto ditto ditto 74C, of 12th February, 1870.
Ditto ditto ditto 304C, of 7th June, 1870.

† Government of Bengal's Resolutions of 18th November 1872 and of 7th July 1873.

Supply of salt in 1870-71 (last year, of which there *are detailed* figures):—

Quantity paying duty to customs	...	... 37,28,559
Quantity obtained from Punjab mines (excluding Kohat) ...	...	... 12,21,467
Quantity paying duty to Internal Department of Customs	...	... 33,987
	Maunds	... 4,992,046

or 5·43 lbs. per head, that is, a little under 5½ lbs. Undoubtedly, there is a certain quantity of untaxed salt and of taxed Bengal or Eastern salt also consumed. It is imposible to say how much. But if the amount be assumed at ½ lb. per head, or nearly 10 per cent., which is certainly a very large allowance, we have a consumption of 6lbs. per head for all Upper India and the Central Provinces, instead of 7 lbs. and 7½lbs. as Mr. Hume calculated. This result agrees nearly with Mr. Hume's own figures in 1868, and with Mr. Strachey's calculations.

Prices of salt.

82. Looking now at the prices of salt in Upper India, I find that in Oude the price of good salt ranges from 5 to 5½ and sometimes 6 seers per rupee, as against 8, 7½, and 7 seers at places like Meerut, Boolundshuhur, Allyghur, Agra, &c., and as against 6 and over 6 at other places, except in the Hills, where ti rises to 5, and except at places very far from the sources of supply, such as Goruckpore, Bustee, Ghazeepore, and Benares. Of these, however, Benares, Bustee, and Goruckpore are the only ones where the price is equal to, and even higher than, the Oude average.

83. It is a great mistake, in speaking of the incidence of the salt tax upon the people, to look at the question by large geographical divisions. The tax may not be at all oppressive in one part of the North-Western Provinces, while in another it may be felt as almost prohibitory by the poorest classes. In the return published in the *Allahabad Gazette* on the 24th May 1873, good salt was selling at Benares 5 seers for the rupee, at Bustee 4-6, and at Goruckpore 4-8. At Mozuffernugger it was selling at 8, at Allyghur at 7, and at Meerut at 7-8. Now, the difference of price between some of these places is more than 50 per cent., and it may be assumed that the difference of consumption per head among the poorer classes bears some proportion to the difference of price. This consideration also vitiates to a great extent the value of all statistical returns as to consumption per head when the returns embrace tracts of country in which the retail prices vary largely.

84. The value of such figures is small. They shew clearly some gross results, such as that taken all round—the population of Upper India consumes per head less than the population of Madras or of Bengal. But they prove nothing as to the incidence of the tax. If we even agree with some authorities that the average consumption, as I have worked it out, 6 lbs. per head, is sufficient for health, we are very little advanced. In the face of such figures and such conclusion, it may yet follow that over thousands of square miles and to millions of the inhabitants the salt tax is a most oppressive impost seriously affecting the public health. Thus, we know that price to a great extent regulates consumption (a very low price in Madras gave a consumption of 16 and 18 lbs. per head). We may, therefore, conclude that where in the North-Western Provinces common salt sells at 9-8, 9, 8-8, and 8 seers per rupee, and good salt at 8, 7-8 and 7, the consumption is much larger than where common salt sells at 6-8, or, as at Gonda in Oude, at 5-1 per rupee, and good salt at 5-8 and 5. The difference between Gonda and Meerut to the consuming ryot is the same as it would be if at the former place the duty were Rs. 5-8 and Rs. 3 at the latter. But all increase of consumption above the general average, in the favored or cheap districts, is decrease of consumption in the others. It follows that when it is shewn that the consumption per head of the population of Upper India is nearly 6 lbs. per annum, what is really proved is that to many millions it is much above 6 lbs., and to many other millions much below. The fact is that all these calculations and statistics as to the consumption are of practical value only where prices do not vary much, as in Madras. Otherwise, they tend to mislead.

85. Given the fact that 6lbs. is the average consumption per head in Upper India, and the other fact that the retail price of salt is much lower in the Punjab and the Western districts of the North-Western Provinces than it is in the Eastern and in Oude, it must follow that in these latter the consumption is very small indeed, and suffering and privation may be thence inferred.

86. I do not lay much stress on Mr. Strachey's argument based on the assumption that 12lbs. is the minimum allowance per head necessary for health.* I see no sufficient grounds for accepting the dictum as to the necessity of 12lbs. Mr. Plowden, whose duty was to exhaust the salt question, thinking himself obliged to lay down some quantity as to the exact amount required for health, fixed upon 12lbs. after an amount of research which would equally have justified 10lbs. or 14lbs. Mr. Strachey was not, I think, more successful than Mr. Plowden in his attempts to ascertain the necessary minimum, nor did he approach this part of the subject in the same unbiassed spirit that characterized his enquiries into other parts. Mr. Hume, having laid stress upon the diet allowance of salt to prisoners in this country, Mr. Strachey said,† "Mr. Hume may be right in his opinion that the experience of our jails has proved that an allowance of 5 lbs. per head per annum is sufficient for this purpose. Although I differ entirely from that opinion, I shall not controvert it, because I consider that even if it be true that we can reduce the allowance of salt of a prisoner in jail to 5lbs. per annum, without actual injury to his health, the fact has absolutely nothing to do with any question now at issue. It would be a strange doctrine to maintain that the Government does its duty if it so regulates the operations of its Customs and Excise Departments that the quantity of one of the first necessaries of life supplied to the people of the country shall not fall short of the minimum allowance sufficient to preserve the health of a prisoner in jail.

"Notwithstanding all that has been written on this subject, the truth is that there has been singularly little difference of opinion regarding it. It has been almost universally considered to be a fact, established by experience, that if people have the means of obtaining an ample supply of cheap salt, the annual consumption per head of the population will not fall short of 12lbs."

87. Now, this extract first assumes that the jail allowance of salt is based on a calculation of the smallest quantity to which a prisoner may be reduced without actual injury to his health, and then asserts that such allowance has nothing to do with the question of the amount of salt necessary for consumption per head. It appears to me, on the contrary, that the experience of our jails, an experience extending over years, applied to many thousands of men and women, and which can be brought to the test of figures open to no doubt, is a most valuable contribution to our means of arriving at a correct result; and that we may also assume that the jail allowance of salt is generally fixed on the same liberal scale as the jail allowance of food, which is certainly more than a really poor man gets in his own hut.

Consumption necessary for health.

88. The question as to the amount of salt necessary for health in India has been hotly discussed for years. It is only very lately, however, that this question has been placed at all upon a right footing. Till within the last two or three years, the enquiries have always been directed to ascertain the proper consumption per head of the population. This is meaningless, for women require less than men, and children less than women. It has been overlooked that any rate of consumption per head means half as much again as that rate to the male adult. Thus the 12lbs. which Mr. Strachey considered a proper minimum allowance would mean 18lbs. to the male adult. We should not start with the rate per head, but end with this as the result of separate enquiries, *first*, into the quantity necessary for the male adult, for the woman and for the child, and thence for the whole population; *secondly*, into the quantity necessary for cattle and sheep; *thirdly*, into the quantity necessary for manufactures and possibly for agriculture. When we have ascertained these three quantities, the total divided by the population would give the proper rate per head. As yet attempts have only been lately made to ascertain the first of these three quantities, and even this is a great step in advance. Another such step is the recognition now of the fact that the allowance necessary for health depends greatly upon the nature of the food, and that a hard and fast line for all India is an absurdity.

89. What then are the amounts of salt necessary for health to the male adult in different parts of India? The only point upon which there is unanimity of

* Letter to Supreme Government, from Secretary to Chief Commissioner of Oude, No. 4503 of 23rd December 1867, paragraph 7.
Mr Strachey's Minute of 8th September, 1868, paragraph 8.

† Mr. Strachey's Minute of 8th September, 1868, paragraph 7.

opinion is, that people living upon rice and vegetables require more salt than people living upon wheat, which contains within itself a large proportion of chloride of sodium. To what extent the difference of food should affect the necessary allowance of salt has not yet been settled.

90. It is unnecessary to go over the ground traversed already by Mr. Plowden in his salt report, and by Mr. Strachey in 1868. A good deal of recondite knowledge was brought to bear upon the question, such as the allowances to Australian convicts, allowances to English and Continental soldiers, consumption per head in England and elsewhere, effects of the French gabelle, consumption in English workhouses, etc., etc. It appears to me that all references to countries under entirely different conditions from those which hold in India, and all calculations based upon what is required by a meat-eating population, are beside the question here. Where salt is very cheap it is wasted. In a country of manufactures it is largely used in various processes. Let any man read with the greatest care the evidence on the subject taken before the Parliamentary Committees in 1836 and 1853, and he will know no more at the end than he did at the beginning of the amount of salt required to keep a man in health in India, or what rate per head would represent the normal wants of any province in the country.

91. The following extract, however, from a report by the Salt Board in 1832, is deserving of consideration as tending to disprove the statements often made of the necessity for purposes of health of a much larger consumption of salt than is taken in any part of India, except Madras and perhaps Bombay.

"The writer to whose work we have adverted states that the kingdom of the Netherlands is entirely supplied with foreign salt. As it is imported free on home bottoms, there is only an excise duty leviable, amounting to about 5*s*. 3*d*. per bushel, making the price of the salt, duty inclusive, 6*s*. 1*d*. per bushel ; all salt used in the arts and manufactures, in curing meat, and th ecuring of fish, whether at home or abroad, as well as all refined salt exported, is duty free, and even all crude salt re-exported is subject merely to a nominal impost.

"Thus, it appears that in the kingdom of the Netherlands no salt was liable to duty but that actually consumed in domestic economy, in other words, eaten with food or employed in its preparation just before it is consumed. The quantity of salt on which a tax was so levied, divided by the population, shews the real, not the nominal, consumption per head, and gives to that term a signification precisely analogous to the signification of the same term as employed in our own calculations.

"The quantity of salt on which duty was levied, according to the foregoing explanation, was 905,042 bushels, showing a consumption of salt for culinary purposes, or for use with food at the time of eating, of $8\frac{4}{10}\frac{3}{0}$, say $8\frac{1}{2}$lb. per head. This result is so completely opposed to the preconceived notions of the writer, and so injurious to his theory (that 12lbs per head is a stinted supply to the people of Bengal), that he endeavours to account for the smallness of the Netherlands consumption per head in any way rather than admit that it is accurately known.

"The cost to the Netherlands consumer of his yearly supply of salt is, including the tax, $9\frac{1}{10}\frac{5}{0}d.$, for which he obtains $8\frac{1}{2}$lbs. of the condiment, in short, he pays little more than three-fourths of a penny per month. Now, we would submit whether it is possible that the richest and best-fed peasantry in Europe, as we believe those of Belgium and Holland are acknowledged to be, could ever be brought to reflect on the subject, or to afford a moment's consideration as to whether they paid three half-pence or three farthings monthly for the salt employed by them in domestic economy.

"For our own parts, we entertain little doubt but that the consumption in the Netherlands for domestic purposes, as ascertained by the excise realized, is very nearly the true one, and only limited by the pleasure of the consumers, who, using more salted provisions than are used in Bengal, thence consume a smaller quantity of salt in other shapes per head than is consumed in Bengal; and we must be permitted to doubt whether the total repeal of the salt tax in the Netherlands would at all add to the demand for salt in that country."

92. With all deference to Mr. Strachey, I am of opinion that we can get nearer to the truth by seeing what is done in our jails, and by watching the results there, than in any other mode.

93. The following are the rates of salt allowance to prisoners throughout India:— Prison allowances.

							lbs.	ozs.	
Bengal, ¼ chittack daily	=	5 seers	11¼ chittacks			=	11	6½	yearly.
Madras, 1 ounce daily	=	11 „	0 „			=	22	0	„
Central Provinces, 200 grains daily	=	5 „	1 „	½ tollah		=	10	2⅓	„
Bombay, 6 drams daily	=	4 „	8 „			=	9	0	„
North-Western Provinces, 100 grs. daily	=	2 „	8 „	2¾ „		=	5	5 1/10	„
Punjab, ¼ chittack daily	=	5 „	11¼ „			=	11	6½	„
Oude, ⅕ „ daily	=	4 „	8 „			=	9	0	„

The variations are singular, and only in part explained by the fact that rice and vegetable-eating people require more salt than those who live mainly upon wheat flour. Why, however, Madras should be double of Bengal it is difficult to say, or why the North-Western Provinces rate should be little more than half that of Oude, just half that of the Central Provinces, and less than half the Punjab. I am inclined to think the North-Western Provinces rate must be too small. The Oude rate was the same till last year, when the prison diet was changed. More vegetables were given, and with them more salt. I presume the increase may be taken as shewing that the former rate was considered insufficient.

94. I am myself of opinion that the rate in the North-Western jails is too low. It is far below the rate in all other jails throughout the country; it is below the rate allowed even to schools. In 1872, the boys at the Free School, Calcutta, consumed about 9½ lbs. per head, and at the Martiniere School in Calcutta, the daily allowance to boys is at the rate of just over 8lbs. yearly per head.

95. Still there is no question that with their allowance of 5lbs. yearly the prisoners on the North-Western Provinces do keep in very good health. This and other facts, such as the one that in places where salt is exceptionally dear the very poor, who must get a most insufficient allowance, yet present no outward symtoms of weakness or illness, lead, I think, to the conclusion that health may be preserved on a very small modicum of salt.

96. Some authorities, however, in a good position to judge, are of opinion that the North-West allowance is ample in every respect. The Inspector of Prisons in that Province, to whom I had written expressing my doubts, answers as follows:—

"For a population feeding on highly albuminous cereals I consider 100 grains of salt daily quite enough for healthy nutrition. Where the population is fed on less nutritious grains, such as rice, I am inclined to think that a larger allowance of salt would be desirable to promote digestion.

"I have considered this subject very narrowly on several occasions, and have come to the above conclusion, by observing the habits of the people of these parts who live from hand to mouth, and who buy daily from the Bunneah the amount of atta and dhal which they consume. To a purchaser of this class the Bunneah always gives a pinch of salt into the bargain, and this pinch of salt is the measure of the amount of salt consumed from day to day by those classes. I have weighed this dole again and again, in the hands of the consumer, and never found it over 100 grains. This is an observed fact. If you will accept a deduction from the general vital statistics of our jails, you may also, I think, fairly conclude that our diet scale is efficient. Last year six of our jails were unhealthy from specific causes, such as flooding and bad drainage for surface water; but apart from those six jails, the mortality in 33 jails was a little over 30 per 1,000 of average strength; and *including the unhealthy jails* the mortality was 10·4 per 1,000 of the convict population.

"I may add that, with chloride of sodium so very widely present in nature, the necessity for giving salt at all as an article of diet is to be regarded as somewhat doubtful; as a *relish* or *condiment*, it is useful; but as such, I am not inclined to give more to prisoners than freemen daily use."

97. Again, the Sanitary Commissioner with the Government of India writes to me:—

"That the allowance in the North-Western Provinces and Oude, small as it is, compared with that given in other provinces, is quite sufficient for the maintenance of health, may, I think, be fairly inferred from the fact that the

statistics of sickness and mortality among the convicts in the North-West and Oude have, as a rule, been very satisfactory for some years past.

"In 1871, owing to the great sickness in one or two of the jails of the North-Western Provinces, the results were not so good as usual, and the total mortality was 41 per 1,000. In Oude with the same allowance of salt it was 24, and in the Punjab with a double allowance of salt it was 27. In the matter of health, where so many factors are concerned it would be unwise to compare results by any one of them taken singly, but the experience of many years seems to warrant the assertion that the small allowance of salt in the North-Western Provinces is still quite compatible with a satisfactory standard of health."

98. The same authority has recommended a double rate for all jails—½ an ounce where the population is rice-feeding, as in Bengal; ¼ ounce where it is wheat-feeding, as all over Northern India.

99. One of the two arguments of the Inspector of Prisons is a weak one; the jail allowance he considers sufficient, because he has satisfied himself that it is equal to the daily allowance of the poor free man. This is arguing in a circle, for those who contend that the North-Western jail allowance is too small, contend also that over a considerable part of the North-West the price of salt prevents the poor consuming as much as would be good for them.

100. The mortality argument, however, is a strong one. On the other hand, the Inspector of Jails in the Madras Presidency is all in favor of a very liberal allowance of salt, and attributes the improved mortality of Madras jails to the enormous quantity allowed since 1866, when the deaths were 124 per 1,000. In 1867 they fell to 53, in 1868 to 33, in 1869 to 41, in 1870 to 26, and in 1871 to 17; 1871 was, however, an exceptionally healthy year. How much, if any, of the improved mortality is due to a larger allowance of salt, and how much to the other improvements in jails, which the last few years have developed, it is impossible to say. But the Madras results should, I think, lead the other local Governments to try in two or three of their jails, respectively, the experiment of large allowances of salt. The question at stake is a much greater one than that of a higher or lower mortality in prisons. It bears closely on the question of the general health. The experiments need not go to the length of the Madras one, where unquestionably the allowance is excessive.

101. Pending the results of such experiments, and putting aside the Madras rate, which is certainly too large,* and the North-Western Provinces rate, which is probably too small, we find that for the rest of India, from 9 to 11lbs. is considered sufficient for an adult prisoner.

102. Taking the Punjab, Oude, and the Central Provinces, all more or less wheat-consuming countries, the average amount adjudged sufficient is 10lbs. Is it sufficient? I see no reason for doubting that it is. The physical condition of the long-term prisoners in our jails contrasts favorably with the physical condition of the free laborer outside. The prisoner is the stouter and more robust of the two. Nor do I see why the allowance, which is enough for the man in jail, should not be enough for the man in the village. It appears to me, therefore, that 10lbs. may be fairly considered a sufficient allowance for an adult male in Upper India. If so, about ⅔ of such allowance would be enough for an adult female, and about half for each child. Now, if we reckon as many women as men and a juvenile population of two infants, boys and girls, to three adults, we have in each 1,000 of the whole population, 300 men, 300 women, and 400 children, who ought to consume 7,000lbs., or 7lbs. per head, *i.e.*, 1lb. in excess of what they do consume.

Enquiries in Oudh.

103. This, moreover, makes no allowance for salt given to cattle or for salt employed in tanning and other purposes. If to the fact that the consumption all round in the North-Western Provinces and Oude is short, we add the fact that in the latter province prices are much higher than in the former, and that, therefore, as I attempted to show above, the proportion of short consumption would not be equally divided between the two provinces, but would be larger in Oude, strong *primâ facie* grounds exist for thinking that the salt tax there bears heavily and oppressively upon the people. Direct testimony confirms this presumption.

* "At the present time, one ounce of salt forms a part of the daily diet of each prisoner in every jail in this Presidency, but I am aware that the Inspector General of Jails considers the above allowance excessive. Since the above was written, I have been informed by the Superintendent of the Central Jail at Coimbatore that on the average about ⅛th of the daily allowance of salt is returned into store in that jail."—*Minute by the Honorable A. J. Arbuthnot, Member of Council, Madras, dated 2nd September* 1869.

I do not think that any one can read the voluminous correspondence of 1867-68 without coming to such a conclusion. Mr. Strachey had desired all Commissioners and district officers to enquire "whether distress was really caused to the poorer classes by a deficiency of salt." Their reports I have not seen, but in his minute of 8th September 1868, Mr. Strachey says,—"It is the almost unanimous conclusion of all the officers consulted that the people of Oude feel the privation of salt as a serious hardship."

104. Mr. Strachey's successor, Mr. Davies, who, as Financial Commissioner had been inclined to think there was exaggeration in the statements made of the effect of the salt tax in Oude, concurred in Mr. Strachey's view in consequence of enquiries personally made by himself when in tents in the interior.* He had adopted the plan of examining some of the men whom he occasionally found near his tents. The following are among the statements made to him in these unpremeditated examinations:—

1. Bindadeen, Brahmin
2. Sheodut, Shookul
3. Gyadeen, goldsmith

say, "that from the time that country salt manufacture has been prohibited, we eat salt very sparingly owing to its high price. We now eat chootia salt, which sells at seven seers per rupee. We never give salt to our cattle; when they become sick, we give them oil, but never salt. We never gave salt to cattle even in the Nawabee, when it was cheap. As we do not eat salt in proper quantity, owing to its high price, we do not derive nourishment from the bread we eat to the amount that we did when we ate salt in abundance. We are therefore subject to skin diseases and debility. We suffer much on account of dearness of salt, and about half the population live without salt. No one now dares manufacture country salt for fear of being punished with imprisonment.

"*P. S.*—We never complained of the dearness of salt, being afraid that we would not be listened to."

One shepherd and seven cultivators say, that "we earn one seer of atta and take one quarter of it to the bunniah to exchange with salt, which barely suffices for one man. We suffer much for dearness of salt. We eat Kuteela salt, which is imported from Allahabad or Cawnpore, and no salt is manufactured here. We know only the Kuteela salt. We do not give salt to our cattle, and when they are sick and in great danger we borrow money and get salt and give it to the diseased cattle, but even then not in sufficient quantity. For fear of punishment we never complained of our suffering on account of the high price of salt. Kuteela sells at seven to five seers per rupee. We cannot digest our meals for want of salt, and therefore often get sick, and our cattle too die in consequence of it. We keep very few cattle on account of poverty. We sometimes eat salt and other times we do not."

Extracts of Deposition of Enayet-oolla Khan, Tehseeldar.

"The Tehseeldar is able to prove satisfactorily within his own tehseelee jurisdiction that the poor classes live without salt. He also vouches for the same condition pervading the whole of the Barabunkee district. But of the other districts he speaks only from information given by others."

"If enquiry be made from the people in a private capacity, they will speak the truth that they take their meals without salt. This can be proved also in the following manner":—

"Let some villages be selected in each zillah or tehseel where the people of the classes of Lodha, Chumar, Koree, Koormee and Aheers reside, and enquiry be made as to the monthly consumption of salt by each family or individual, and as to the amount of salt imported into the village, and by calculating the quantity of salt consumed per head, the Government will easily find that the poor classes do not eat salt at all owing to its high price."

"Four Chumars, or dealers in hides, say that 'when the manufacture of Kharee salt was not prohibited, they used it both for dressing skins and leather,

* From Secretary to Chief Commissioner, Oude, to Financial Commissioner, Oude, No. 4012 of 17th September 1868.

and for eating. But now they cannot afford to eat, and do not therefore salt their leathers, which on getting dry, become stiff and break. They have therefore to wet leathers from time to time to preserve them from breaking. As they eat Sambhur very sparingly in consequence of its high price, they are often subject to cough, asthma, and skin diseases. They are often exposed to the sun, and without use of salt they contract various kinds of diseases. But when salt was cheap the sun did not affect their skin much.' "

Goolwa, shepherd.—"On account of scarcity of salt his sheep have mostly died, and others have contracted goitres. No shepherd can afford to give salt to his sheep, which consequently die in abundance and contract diseases."

Bhikhai Goojur.—"I keep cows and buffaloes. I never administer salt to my flock. When salt was cheap, I used to give salt to cattle during the rainy season, but I do not now, because I cannot afford to eat salt myself. My cattle do not feed well on bhoosa, and look sickly and lethargic for want of salt, and do not produce milk to such an amount as they did before."

Seven cultivators say that "they now use Sambhur salt for alimentary purposes, or rather, since the prohibition of manufacture of Kharee salt, that they use the Sambhur very sparingly owing to its high price, and do not administer it to their cattle. That owing to the diminished use of salt they (the poor) are subject to itch and other skin diseases and their cattle to murrain. They administer Kharee salt imported from Cawnpore to their cattle when they are in the extreme state of disease or about to die."

Laikh Singh, Lumberdar.—"We use a kind of salt which is known by the name of Sooltanpooree, and is imported from Trans-Ganges. The populace use only this salt which is cheaper than Sambhur. The cattle which are yoked in carts and ploughs get this salt now and then, and other cattle do not. Salt was never manufactured in our country either in the Shahee or now. Salt was cheap in the Shahee, and then we used to give salt to cattle according to their requirements, but now salt is given very sparingly to those cattle which are employed in carts and ploughs."

Bhya Singh, Zemindar.—"In our country Sambhur salt alone is used. From the time that country salt manufacture is prohibited we use no other salt than Sambhur. We give salt to cattle when they are in great danger and not otherwise, owing to its high price."

"The cattle which are employed in carts and ploughs get salt once after a week or ten days, and other cattle do not get it at all."

Mukand Singh, Zemindar.—"We use Sambhur salt only. From the time that country salt manufacture has been prohibited, we use only the Sambhur, and give it to our cattle when they are in extreme danger, and this only to draught cattle and not to others."

Kalka Tewary, Zemindar.—"Sambhur is the only kind of salt which is consumed in our country. From the time that country salt manufacture has been prohibited, the entire populace are obliged to use Sambhur, and cattle do not get it at all."

Lalta Brahmin, Lumberdar.—"We use only the Sambhur salt. From the time that the manufacture of country salt has been prohibited, the people have to use the Sambhur only. Our draught cattle get salt once after two or three months, and other cattle during the rainy season only."

105. The Chief Commissioner might well write, after listening to these statements:—"The Chief Commissioner is aware that many officers have come to a different conclusion, but he has made up his mind that generally, and more particularly where the population is thick and poor, the people do not get a fair allowance of salt, and that its high price prevents its being given to cattle."

106. But if the salt tax presses heavily on the poor in Oude, it must press equally heavily on the poor in those districts of the North-West where the price of salt is as high as in Oude, that is Bustee, Benares, Goruckpore, Ghazeepore, &c.

107. It is true that matters have somewhat improved since Mr. Davies' time. Retail prices are a little lower than they were, that is, the prices I have given in paragraphs 82 and 83 are more favourable than the prices of 1868 were, but throughout Upper India consumption has shown no marked improvement.

108. The following are the figures, as given by the Financial Department in its blue book of Statistics:—

	Salt paying duty to Inland Custom.	Salt paying duty at Punjab mines.	Total.
1867-68 ...	37,36,100	11,96,441	49,32,541
1868-69 ...	37,70,337	12,60,194	50,30,531
1869-70 ...	38,14,691	14,97,153	53,11,844
1870-71 ...	37,36,592	12,21,467	49,58,059

The preliminary report of the Commissioner of Inland Customs for 1872-73 does not give quantities of salt, only receipts and charges under the former of these two heads. I find that the realizations for salt in 1872-73 were £1,541,216, against an average for five preceding years of £1,507,194; these figures tell the same tale,—improvement, but improvement at a slow rate.

Comparison between past and present consumption.

109. The opinion I have arrived at as to the state of things in Oude and the south-eastern corner of the North-Western Provinces is not in accordance with the much more cheerful view taken at various times by others who have considered the question. At first sight, the figures which show the consumption of salt for all India as also those which show the consumption of Upper India during the last 20 or 30 years, warrant the belief that under a progressive duty consumption has largely increased everywhere. But the conclusion would be incorrect. No comparison between the consumption now and the consumption some years back can be correctly made, for the conditions are entirely dissimilar. In making such comparison it is forgotten that a large proportion of the increase in quantity now paying duty is owing to the fact that formerly the Imperial Customs line was not as well organized as at present, nor nearly so extensive. Consequently, a vast amount of salt which now pays duty was smuggled into consumption, and a vast amount also was consumed in tracts then outside the duty-paying line, but within it now.

110. In answer to arguments based on such comparisons in 1868, Mr. Strachey had pointed out these facts, and I cannot do better than quote his words*:—

"During the three years ending with 1867-68, the average quantity of salt that crossed the customs line was 36,50,000 maunds. In the three years ending with 1854-55, the average quantity was 27,30,000 maunds. But these figures represent no real increase of consumption, because the country included within the customs line is immensely more extensive than it was. Before May 1855, the Saugor and Nerbudda territories and Eastern Bundelkhund were outside the line, 'and were then open either to free importations of salt from Rajpootana, or to manufacture locally their own salt.'† In 1856, there was a further extension of the line; and between 1864 and 1868 the extensions were so great that they increased the total length of the line from 877 to 1,117 miles. The whole system, both in preventing smuggling from outside and in repressing the illicit manufacture of salt within the customs line, has also become very much more stringent.

"Moreover, up to 1860-61, the manufacture of salt was permitted in Oude. If I say that six or seven out of the nine millions of the people of that province consumed salt produced at home, I shall certainly be understating the fact.

"Altogether, it will be a very low estimate if we suppose that ten or twelve millions of people now draw their supplies of salt across the customs line, who in 1854 obtained their salt from other sources. This being the case, there has apparently been no increase of consumption, nor even any tendency to increase. I am by no means sure that the facts do not rather show that there has been an actual falling off in the consumption per head of the population. It has only been during the last three years, in which, as I have stated, the customs line has been more than doubled in length, that there has really been any increase in the quantity of salt crossing the line."

* Mr. Strachey's minute of 8th September 1868, paragraph 20.
† Customs Manual, page 6.

111. But even this strong exposition of Mr. Strachey's understates the fact. A much larger number than ten or twelve millions now consume duty-paying salt who did not do so in 1854. Oude was then independent, and consumed her own salt. The population of Oude is over eleven millions, not nine, as supposed by Mr. Strachey. The Central Provinces were not fenced in by the customs line, as now, and the protective arrangements for the Punjab which had not been long in our possession were not as complete as at present. It seems to me that any comparison made between present consumption and consumption in 1854 or earlier, either for all India or only Upper India, should allow, taking into consideration increase of population, for a difference of not less than sixteen or seventeen millions of mouths. The result would show that in Upper India, at any rate, consumption has increased very slowly.

Relief to Oude.

112. But, if it be the case that in Oude and in some parts of the North-West there is privation and consequent claim to relief, the question arises in what form this should be given. Hitherto, the only direct form ever suggested has been lowering the duty. But there seems to me to be, under the peculiar circumstances of Upper India, one great objection to this mode. It is an indiscriminate remedy, giving relief not only where relief is wanted, but where it is not. A large and perfectly unnecessary sacrifice of revenue is thus entailed. Assuming, which I believe to be the case, that in Oude and the south-eastern corner of the North-Western Provinces the poor cannot at present prices buy as much salt as is necessary for them, and that in the Punjab, in the other parts of the North-Western Provinces, and in a large portion of the Central Provinces no such difficulty or want exists, it is clear that if the Rs. 3 duty were lowered to Rs. 2, we should be making a sacrifice of revenue over a very large area merely to afford relief to a small portion of it. We should bring down the retail price at Allyghur and Meerut from 7 seers and 7 seers 8 chittacks per rupee to 8 seers and 8 seers 8 chittacks, while at Goruckpore, at Bustee, and in Oude generally the change would be from 4 seers 8 chittacks, 5 seers, and 5 seers 8 chittacks, to 4 seers 12 chittacks, 5 seers 6 chittacks, and 5 seers 14 chittacks, that is, we should leave those parts of the country which are worst off without any adequate relief while giving it where it is not wanted.

113. The proper principle seems to me to be that which has been in force on the western coast of Madras since 1855. The manufacture of salt in Malabar and Canara was then forbidden (as it has been in Oude), but the Government considered themselves bound, in connection with such prohibition, to provide salt for the people at the same price as the residents on the eastern coast got it. Salt manufactured in the Kokan, Bombay Presidency, is bought and exported to the Madras western coast, where it is sold at the regular Government price, now Rs. 2 a maund; the cost of export thus falls upon the Government, which realizes consequently a smaller profit on the salt consumed on the western coast than it does on the salt of the eastern coast. On this side of India, precisely the same system cannot be adopted, as here the Government does not sell the salt, but makes its profit by a duty. Admitting the principle, however, the application of it would be easy enough. The chief centres of supply in the starved districts would be ascertained. Now that a railway runs through Oude, these centres would of course be on the line for Oude. The Government should then, by an agreement with the railway, take upon itself a portion of the cost of transport of all salt to these centres, possibly in some cases, the entire cost. Or some system of drawback might be worked in connection with the plan sketched above, or in lieu of it, especially for the eastern districts of Benares, Bustee, Ghazeepore, &c. The details would not be difficult. What I wish to urge is, that for a partial evil we should adopt a partial and not a universal remedy, but a remedy which, in the relief it gives, could be framed on consideration of the extent of the evil in each case.

114. I think, however, that the Government should not stop there. In 1868, it was determined to push on such railways as should afford facilities for the transport of salt, and to introduce again local manufacture. There are three railways which will greatly conduce to lower the price of salt throughout the North-Western Provinces, the Punjab, and Oude, namely, the railway from Lahore to Wuzeerabad and Jhelum, the line from Delhi through the Sooltanpooree works to Jeypore, and the one from Agra to Bhurtpore and Jeypore (in conjunction with a tramway from the Sambhur Lake to Jeypore). When

these are finished, the sources of the largest supply of salt will be in communication by rail with all the great trading centres of the Punjab, the North-Western Provinces, and Oude. Their completion should be pressed on as quickly as possible. Other lines are cheapening and will continue to cheapen salt, such as the line from Allyghur to Moradabad, the line from Lucknow to Hurdui (when these two are united, all that eastern part of the North-Western Provinces will get its salt cheaper), also the line proposed from Nagpur to Raipore in the Central Provinces.

Local manufacture.

115. The attempt at local manufacture in Oude and at Jounpoor, North-Western Provinces, made in 1869-70, was declared a failure, and the works were closed the following year. It appears to me that in Oude local manufacture has never had a fair chance given to it since we took the country. During the Nawabee, it is known that salt was manufactured to a large extent. It has been stated by those who had the best opportunities of ascertaining the real facts, that salt enough was made in the province, not only for the consumption of the inhabitants, but for extensive export, and some authorities, among others Mr. G. Campbell, calculated this surplus quantity at 30 lakhs of maunds yearly.

116. The reasons why a manufacture, at one time, and that time not very far back, so popular and so large, should now be pronounced impracticable (see paragraph 4 of Imperial Customs report for 1870-71), appear to me to lie in our own action. After the annexation of Oude there was a good deal of correspondence and discussion as to what should be done about salt. In 1856 it was decided that the manufacture should be allowed to continue on a system of farms, and accordingly in 1857 the right to make salt in certain tracts was farmed out, at a total yearly revenue, of which the amount is not now known, but which is believed to have been nearly two lakhs. Then came the mutiny, and with it general disorder. Towards the end of 1858, after our re-entering into possession, there was again a good deal of discussion. At last it was decided to allow manufacture under a system of excise. Rules were issued in February 1859, but before the new system was properly organised and the necessary officers were appointed, a considerable part of the manufacturing season had passed away. The total revenue derived for the year was Rs. 3,91,128. It was held that the experiment had been a failure, and so it undoubtedly had, and the manufacture of salt was prohibited in 1860. This prohibition remained in force till 1869, when manufacture was re-opened in the Oonao district and closed again the following year as unsuccessful.

117. Clearly, both experiments had been failures, and I do not see how they could have been otherwise. The first time, operations were begun in the middle of the season. The second time, the plan came under trial after years of prohibition to manufacture. The thousands of men who formerly gained their livelihood by making salt, and to whom this business was an hereditary one, had been scattered all over the country, and had been forced into other pursuits. The land itself had been coaxed into growing poor crops instead of yielding a harvest of salt. A large industry suddenly stopped and kept under a ban for years, cannot be galvanized into life by a turn of the official machine. Moreover, it seems to me that the experiment was tried under mistaken conditions. It became more like a Government than a private speculation. The salt makers were imprisoned within a wall and looked after by officers of a department whose business is to check smuggling, not to make salt, to whom local manufacture is an abomination as leading to illicit practices, and with whom it is an article of belief that the inhabitants of Upper India are born to eat Western salt, filtered through the customs line. Every precaution was taken to prevent an ounce of salt escaping payment of duty, whereas true wisdom would have dictated, for the first year at any rate, a laxer supervision with the possibility of some illicit profit to make up for the difficulties attendant on starting a new business.

118. If my proposal to relieve salt going to Oude of all or part of the cost of transport be not accepted, then I would advocate another trial of the local manufacture experiment, but on a different system. I would give a license within certain limits of locality, to any respectable man who would open salt works. I would give him the license for two years. I would have no walls, but a small police guard to supervise, and I would advance no money. If any one

takes a license, there is no doubt he will at first make illicit profits to some extent. I would accept this small loss as a righteous penalty for having crushed a manufacture which we should rather have encouraged while placing it under proper restrictions, and as leading in the end probably to increase of revenue and certainly to the benefit of the people.

119. The condition of Oude comes under exception 4 of my 27th paragraph. It is the action of Government in forbidding local manufacture and thereby depriving the people of the natural advantages God had given them, which has raised the price of salt in Oude. The people are entitled to compensation for the injury thus inflicted on them. As this compensation cannot be given by lowering the duty, without the extension of the advantages to tracts where no compensation is due, the relief should be given in a different form.

120. I have said that I do not think any *direct* relief is required for the Punjab or the Central Provinces, or even generally for the North-Western Provinces.

Central Provinces.

The fact is, matters have improved in all those provinces since 1868, and there is every prospect of further improvement. The completion of the railway between Bombay and Jubbulpore has provided a great part of the Central Provinces with cheap Kokan salt, cheap that is, as compared with the Rajpootana salts, which formerly were the staple of those provinces, and the price of which was enhanced by bullock carriage and by the payment of dues or duty to the native Rajpoot States. It is mainly in the eastern portion of the Central Provinces that salt is still dear,* and will become dearer when the contemplated Bengal protective line from Sonepore along the Mahanuddy is established. Undoubtedly its price now is kept down by the quantity of cheap Ganjam salt which is smuggled into the country rounding the end of the Imperial Customs line at Sonepore, and also across the line.

* The price varies from 6½ seers (the lowest) to 5½ and sometimes 5 seers (the highest) for the Rupee.

Last year I had occasion to make some enquiries into this matter. It was proved that the difference between the quantity of salt cleared from Ganjam during three years for the Central Provinces, and the quantity which is known to have reached, as having paid the additional duty at the line, was 5,73,126 maunds. This difference was probably partly smuggled into the provinces, partly consumed in the Tributary Mehals which lie between them and Ganjam and also north of Orissa. In either case the loss to Government was a heavy one. If we suppose that an equal amount of full-duty salt would have replaced this large quantity of the low-duty article, the loss is about six lakhs of rupees or two lakhs yearly, but this is beyond the truth, as a large allowance must be made for the increased consumption resulting from a lower price.

121. If all the Madras salt which is sold in the eastern portion of the Central Provinces had really paid the Rs. 3 duty in addition to the cost of a long land journey on bullocks, retail prices there would be a good deal higher than they are. To prevent their becoming so, we have but to leave matters as they are, not set up the contemplated Mahanuddee protective establishment, and wink at the smuggling which goes on.

Objections to the *status quo*.

122. There are objections to this course. In the first place retail prices are, even under the present lax system, at a rate which must entail privation and suffering. There is moreover some reason to fear that they will increase instead of diminish. The duty-paying salt from Madras which crosses the Raipore line diminishes yearly in quantity; in 1867-68 it was 1,99,022 maunds; in 1868-69, 1,32,407 maunds; in 1869-70, 1,00,658 maunds, and in 1870-71, 93,015 maunds*. The Commissioner of Customs attributes this falling off in the supply from Madras entirely to the presence of Bombay salt from Nagpore, but the Deputy Commissioner of Sambalpore wrote thus last year†:—"I myself believe that both the decrease in trade and the smuggling result from the vexatious delays and restrictions attending the passage of all salt across the customs line. It would be out of place for me to enter into this point at any length in this report, but as showing the manner in which the trade of the district is affected by the customs line, I may mention that the merchants of Sambulpore, who used formerly to import large quantities of salt by boat, have now altogether ceased

* Inland Customs' Report for 1870-71, paragraph 38.
† Reports on taxation in British India, 1872, page 42.

to do so that; the Ganjam merchants, who import large quantities of salt by cart and used formerly to sell it in this district and take back oil-seeds and cotton in exchange, now sell off their salt in the Sonepore or Patna State before they reach the customs line, even at a loss, and then come across the line with their empty carts, and purchase such articles as they desire to take back with them; and the Banjaras, who used to supply the greater part of Chhattisgarh with salt, and whose 'tandas' were constantly to be seen passing through the district, have almost entirely withdrawn from the trade, and from the immense number of them that have recently settled in the Feudatory States of Sonepore and Patna would seem to have left Chhattisgarh altogether."

There are grounds therefore for believing that the present short supply of Madras salt in the eastern part of the Central Provinces is due to something more than the entrance into the market of a cheaper rival. If so, the prices there will rise, even should we start no new protective line along the Mahanuddy.

Secondly, it is waste of money to keep up a customs line establishment which does not and cannot fulfil its purpose.

Thirdly, it is the duty of Government wherever it can do so without a disproportionate sacrifice, to free the people from the annoyances and oppressions inseparable from a customs line.

General feeling towards the Customs' Line.

123. In the letters from the Central Provinces written last year in answer to the Government circular about taxation, the feeling of the people towards the customs line establishment is thus described :—"The customs line, the army of peons who guard it, their interference with individuals, and the obstruction they cause to trade, are a cause of complaint, and the removal of the line would be regarded as a great relief."—Letter from Secretary to Chief Commissioner. "Though the people generally do not complain of the salt tax, yet there is no doubt that those in its neighbourhood do complain bitterly, and not without good cause, of the existence of the customs line."— Letter from Mr. Commissioner Pedder. "But high as is the duty, it would be paid cheerfully by the people, were it not for the system under which it is levied. Since the first introduction of the customs line into Chanda in 1865, I have carefully watched its working, and in giving the results of my experience I would refer to Chanda as well as to Chhattisgarh.

"The customs line runs along the western frontier of Chanda to the junction of the Wardha with the Waingunga, then crosses the latter river and runs from south to north through the centre of the district, passing out at the Raipur boundary. It then crosses the Raipur district in a generally easterly direction, and runs partly through the Sambulpore district, also with an easterly course, terminating east of the Mahanadee. Its total length in the Chanda district is 200 miles, and in the Raipur and Sambalpore districts 265 miles, and as customs jurisdiction extends over a breadth of 15 miles along the line, nearly 7,000 square miles of country in the three districts have been made subject to the intricate rules and heavy penalties of customs jurisdiction, and those rules are worked by a set of officials, who as a body are not of a high class, who have a direct pecuniary interest in making out cases of smuggling, and who practically are uncontrolled in the exercise of their powers. Along the 465 miles of road travellers are liable to be constantly stopped and overhauled at the discretion of the customs' peons; and over the 7,000 square miles of country the possession, or the suspicion of the possession of salt, carries with it difficulty, vexation and danger. Mr. George Campbell, when Chief Commissioner of the Central Provinces, wrote* on this point in 1868:—

* Secretary to Chief Commissioner, Central Provinces, to Secretary to Government of India, Financial Department, No. 406-52, dated 19th February 1868.

'Throughout the Chief Commissioner's tour it has seemed to him that the customs line has been felt by the people as a greater grievance than all other grievances put together; no one can travel along the valleys of the Narbada and the Wardha without being liable to constant search by endless customs officers of low degree, posted at very short intervals, armed with iron search forks of the nature of cheese-tasters.'

"Previous to the establishment of the customs line Chhattisgarh was the home of Banjaras, who used to take grain to the south in large caravans, and return laden with salt from the east coast, which they carried over all parts of

Chanda and Chhattisgarh. The trade was a very important one, and rendered salt cheap and abundant in the wildest tracts. But the restrictions of the customs line, not the duty on salt, have nearly destroyed this trade, many of the Naiks have been ruined, and most of the clans have emigrated, a result deeply to be deplored.

"With regard to the effect of the customs line as regards smuggling, I would quote the following extract from Captain Bowie's Criminal Administration Report for 1871:—

'One thing, however, is certain, that smuggling is practised along the whole length of the customs line to an extent which must tend to demoralise and degrade the people in no ordinary degree, for it is not the criminal classes of the district who are brought before our courts for offences of this nature, but chiefly cultivators, persons to whom the idea of committing crime has perhaps never before occurred. In a previous part of this report, I have mentioned that in the neighbourhood of the customs line the Gandas were believed to have taken to smuggling instead of thieving, but these men seem to be able successfully to evade capture, for it is seldom, if ever, that any of them are challenged by the Customs Department; while, on the other hand, scarcely a day passes in which some Koltar, Saonras, or persons belonging to the other ordinary cultivating castes, are not sent up for trial; and the constant plea made by these men is either that they could by no other means procure a supply of salt for the daily requirements of their families, or that they had no other way of disposing of the surplus produce of their lands than the old plan of bartering it for salt, which they could only do at villages beyond the customs line, as no salt is now brought to the weekly markets which are held at places within customs jurisdiction." Letter from Major Smith, Commissioner, Chhattisgarh.

"The extension of the salt line through Chhattisgarh a few years ago was unquestionably felt as an extreme hardship by the people, and enhanced the price of salt to an extent far exceeding the increased duty." Letter from Commissioner of Excise.

124. Even if the prices of salt in the eastern parts of the Central Provinces were such as to call for no relief, I think Government would do well to abolish the customs line there and to look to the saving from such abolition and to the increase of consumption of Ganjam salt to recoup itself for the loss necessarily at first consequent on the substitution of Rs. 1-13 duty salt for Rs. 3 salt.

125. I doubt whether there would be any serious loss eventually, for it must be remembered that the difference of duty, Re. 1-3 per maund, is scarcely a sufficient difference toentail the risk of the Ganjam salt displacing in the western or central portion of the Central Provinces, the 3 Rs. Kokan or Bombay salt which, owing to the rail, reaches those parts at a small cost for carriage. The area of possible disturbance is therefore limited.

126. Of course every increase of the duty paid in Madras affords an additional argument for abolishing the customs line and letting Madras, *i.e.*, Ganjam salt, into the Central Provinces without hindrance.

127. But, not only the customs line in the eastern portion of the Central Provinces, but the entire length from Boorhanpoor may now be safely abolished. The railway carries the Bombay salt to Nagpur and Jubbulpore so cheaply that I am inclined to think the line might be abolished without loss even if the duty on Bombay salt were not raised. The only mode of transporting Bombay salt into the Central Provinces, except by rail, is by Brinjara bullocks, and there are now such difficulties in the way of the Brinjara trade in the Central Provinces that any large transports are very improbable. In the Customs Report for 1867-68 the following description is given of the causes which are destroying the Brinjara trade.* In the five years which have elapsed since then, the difficulties must have increased and the trade, owing to this and to the competition of the rail, must have died out as a trade on an extensive footing.

"Brinjara traffic is a thing *per se*, playing the most important part in the commerce of the wilder tracts; its existence ceases to be possible when advancing civilization brings with it either railroads or close cultivation. The former underbid them as carriers, the latter deprives their herds of sustenance.

* Central Provinces' Section, paragraph 38.

It is impossible, where Brinjara traffic is concerned, to say that it will not pay to go round any given distance to avoid a considerable impost. Time and distance seem scarcely to enter into their calculations, so long as forage and water are plentiful, and cost nothing.

"All this, however, is changed when the absorption of waste lands as grants, as in Saugor, and the imposition of grazing taxes, as in other parts of the Central Provinces, compel them to pay for the food their herds consume; then their traffic becomes impossible, as indeed it is now becoming in the Central Provinces, where, before many years (except perhaps in Sumbulpore, where there is no grazing tax), the Brinjaras will have ceased to play any part in the commerce of the country.

"Mr. Vere says:—"It is no secret that the traditional occupation of their race is slipping from the hands of the Brinjaras, who reluctantly and grudgingly are themselves awakening to, and struggling against, the conviction. It is a common and bitter complaint amongst them, that the act of their rulers is wresting from them the calling which has fed their forefathers for centuries. Times are hard with the Brinjaras; on one side the railway obliterates them wherever its trains once run, and now when those who have not taken to agriculture (as thousands are doing in Berar) take refuge in those tracts where, as carriers, they would still be welcome to the public, they stumble over the new obstacle of grazing fees, which will end by starving them out of count, and against which their declamation is angry and loud. To them, the freedom of the forest is the breath of life. In the old days, the wilder that forest, so long as there was a fair track through it, the better their cattle throve, and herein lay the secret of their ability to serve the public and to make profit for themselves. All this comes to an end when for the permission to graze in wildernesses, where they alone venture, they have to pay taxes, which, in places, range as high as a rupee per diem for every hundred head of cattle, young, old, able or lame, sucking calf or milch cow, as well as pack bullock. The possessor of a couple of hundred head, no rare possession, is mulcted of Rs. 60 per mensem,—simple prohibition and ruin to men whose wealth is in kind and not in coin."

128. Again, in the Customs Report for 1870-71, paragraph 50, it is stated that "in the Nagpur Division smuggling is said to be a thing of the past owing to the railway and the cessation of the Brinjara trade."

129. The abolition of the line, however, should be accompanied or preceded by proper protective measures at the Bombay salt-pans, for if the smuggler can get his salt there free of duty, it will of course pay him to carry it away on bullocks and pass it surreptitiously into the Central Provinces in spite of all obstacles and difficulties. The abolition of the line from Boorhanpoor to Sonepore has often been brought forward as one of the advantages which would result from an equalisation of duty all over India. To postpone it till then is to postpone it indefinitely. It appears to me that it may safely be carried out at once, especially if it be decided, as I think it should be, to levy an increase of duty on Bombay salt. Abolition of Line.

130. The financial saving of the abolition would not, as already stated, be large. The line costs about 2½ lakhs. But probably an extension of the Hoshungabad line would be necessary to keep out Puchbuddra salt, such extension running round the southern elbow of the Rajpoot States. Whatever might be the gain to Government, the gain to the people would be enormous; towards the west, freedom from annoyance, from petty exactions and interference with trade; towards the east, all these advantages and in addition a cheaper and more plentiful supply of salt.

131. It is an anomaly to have a protecting line between two parts of a country under the same Government. Such a measure would be perfectly indefensible, were the duty on salt really a customs duty, instead of a plan to levy a poll tax on the masses. The only excuse for it is in the supposition that on one side the line the people should, owing to difference of condition, pay more than on the other, and even where this can be satisfactorily made out, it becomes a question whether in the interests of the majority it is not better to allow the payments on one side to be a little less than the correct rate, and on the other side a little more, and to avoid all the evils inseparably connected with the state of a house divided against itself. But where the necessity for differential pay-

ments cannot be established, a customs line separating cognate countries and people has no excuse and no *raison d'être* except greed and financial timidity on the part of Government.

132. Salt in the Punjab is, as a rule, cheaper than it is anywhere in India except in the two minor Presidencies. It is not so cheap in the western and middle districts of the North-Western Provinces, but I can see no reason for thinking that the rates there are very oppressive, and, as before stated, the tendency is towards improvement. When the railways under construction are finished, the improvement must be marked and rapid.

Arguments against lowering duty.

133. Under these circumstances, and bearing in mind the decreasing value of money, I think it would be a great mistake to lower the duty in Continental India. I have no doubt but that the present rate is higher than is good for the people, and that under it the cattle suffer from want of salt, an important fact in an agricultural country; but granting all this, I would keep the duty as it is. It is unnecessary to provide an external and an expensive remedy to an evil which is in process of self-correction. Again, it must be remembered that where salt is dearest, there lowering of the duty does the smallest good; or in other words, that the effect of the mode of relief which is perpetually urged upon Government, is in the inverse ratio of the necessity for relief. I have already incidentally alluded to this fact in paragraph 112, and it is beyond dispute. Compare the two cases of southern Oude and of Madras. In the first, salt sells at Rs. 7 or so per maund. In the second at Rs. 2-8. A reduction of one rupee duty brings down the price in the latter case by two-fifths, in the former by one-seventh. Increase of consumption will, therefore, in the one instance make up for a large proportion of the loss, in the other, the increase will be small, for the effect of the reduction on retail prices must be inconsiderable.

134. This consideration was greatly lost sight of in the calculations placed before Council in 1868, and in the expectations entertained there.

"It strikes me very forcibly," wrote the Governor General,* "that we should try the experiment which has proved so successful in England, namely, to try whether by lowering the rates of duty we shall not largely increase the consumption of salt, and thus by degrees recover a considerable proportion, if not all, of the revenue which we shall in the first instance forego." The intended decrease was twelve annas a maund, reducing the duty from Rs. 3 to Rs. 2-4, on 49 lakhs of maunds, which yielded a revenue of about 147 lakhs of rupees. The amount of revenue imperilled (leaving out Bengal Proper) would have been 42 lakhs, and looking at the slight difference which would have been effected in the price of the salt, I cannot think that increased consumption would have gone far to make up this loss.

135. It follows then, if I am right, that where salt is very costly, reduction of duty is by no means the principal remedy to be applied. The cheapening of carriage by construction of railways, the opening out of fresh sources of supply, as by local manufacture in Oude, the facilitating of access to existing sources, as by the abolition of the line in the eastern and southern parts of the Central Provinces, and by that excellent arrangement which placed the Sambhur Lake in English hands, these are, it appears to me, the best measures for giving general relief; and to these in exceptional cases I would add the exceptional action I recommended for Oude and the districts between that province and the river.

Salt in regard to cattle.

136. It is incumbent on the Government to reduce the price of salt in Continental India by every means which does not impair its finances, and this not only as viewing salt in the light of a necessary of life to man, but in its relation to cattle. There has been a good deal of misconception on this point. It has been maintained on the one hand that cattle require salt to continue in health, still more when recovering from sickness, and that widespread murrains in India have been the result of the want of it and on the other hand it has been contended that, however cheap salt may be, it is not in this country given to cattle, and that in fact cattle do not require it any more than wild animals which graze. I turned to the report of the Cattle Commission appointed three years ago, thinking the matter must have been there discussed and finally settled, but throughout the report there is not one word about salt.

* Minute of 14th August, 1868, by the Governor General, paragraph 8.

137. The following are the opinions of two of the best authorities in England on this subject :—

Extract from Professor Morton's Veterinary Pharmacy.

"Salt is an invaluable tonic and alterative. It may be given in doses of one or two ounces in the animal's provender, which will induce him to eat it with avidity. It gently stimulates the stomach and alimentary tube, thus increasing the power of the digestive organs, by which the tonicity of the system is restored. In larger doses, it is said to be an anthelmintic and cathartic.

"When the horse, the cow, or the sheep is becoming convalescent, and the natural and sanitary stimulus of wholesome food will produce a more certain as well as a safer impulse to the discharge of the natural functions than any medicine can afford, a little salt or salt and water sprinkled on the food will be an admirable excitant. On all the ruminantia the influence of this agent is marked; nor are the carnivora less benefited by it. In fact, it appears to be the natural stimulus to the digestive organs of all animals.

"Mr. Youatt says that there is no medicine for the rot in sheep, that is of the slightest avail, in which culinary salt is not the principal ingredient. As a purgative, it is second only to Epsom salts in the first instance; and, whether from the effect of the change of the medicine, or of some chemical composition or decomposition which takes place, it is the surest aperient that can be given when the sulphate of magnesia has failed. It may be administered in the same doses as this agent. Being a tonic as well as a purgative, it is on this account, perhaps, somewhat objectionable in the early stage of fever. It is a vermifuge which, in cattle, seldom fails. To the dog it has been exhibited for the same purpose, being administered in such quantities that the stomach no longer rejects it."

Extract from Veterinary Surgeon Youatt's Animal Economy.—The Ox.

"Of the various condiments and stimulants, acids, &c., we need here say nothing: there is however, one article, namely, common salt, which from its existence in the blood, and its importance in the animal economy, requires some notice; and it is necessary, in order to show this, to enter to a certain extent into the process of digestion, that is, into a short explanation of the solvent or reducing powers of the stomach, and the means by which the solution of aliments, and their combination into a fluid mass termed chyme, in the stomach is effected. This operation is by the agency of a fluid termed the gastric juice, poured out of glands chiefly in the pyloric portion of the stomach, the fourth stomach, or abomasum, in ruminant animals. The aliment then, having been duly masticated to a proper consistence and mingled with saliva, is conveyed into the stomach, and brought under the action of the fluid there secreted. By the agency of this secretion, and perhaps some other energy exerted by the stomach, the food is converted into a more or less fluid state, or, in other words, becomes diluted with an aqueous product. One important ingredient of this influential secretion, indeed, a necessary ingredient, is chlorine, in some state or other of combination. This secretion in its healthy state always contains more or less of chlorine; and the powerful influence of this elementary principle appears most materially to contribute towards effecting the union of the food with the aqueous fluid or water. 'The chlorine,' says Dr. Prout, 'thus so indispensable to the reducing process, is, perhaps, more frequently the subject of derangement than anything concerned with the assimilation of the food. It often happens that, instead of chlorine, or a little free muriatic acid, a large quantity of free muriatic acid is elicited; which free muriatic acid not only gives rise to much secondary uneasiness, but more or less retards the process of reduction itself.'

"The source of this chlorine, or muriatic acid, 'must', he adds, 'be the common salt, (chloride of sodium, formerly called muriate of soda)."

138. Mr. Hume in the Customs' Report for 1868-69 reported the results of enquiries made by all his subordinates into this question of salt for cattle. The following extracts contain his own opinion and the pith of the opinions of his subordinates :—

"That, where cattle are concerned, although salt may not under many circumstances be absolutely necessary to maintain them in health, it is commonly requisite if good condition or fatness is to be aimed at; and it is, more-

over, to a certain extent necessary to all hard-worked animals, to those obtaining only poor and indigestible fodder, to those that are sick, to those subjected to sudden change (as at the commencement of the rainy season) from dry grass-roots and chopped jowar-culm to juicy and luxuriant herbage, and to those giving milk.

"That in large portions of Upper India, where saline patches of soil and saline herbs abound, these and the brackish water so common throughout such tracts, remove to a great extent the necessity for direct administration of salt; and that, consequently, in these tracts it has never at any time been customary to give salt to grazing cattle, which constitute the majority (say three-fourths) except, perhaps, in small quantities at the 'Dewallee'* as a religious observance, at the commencement of the rains as an alterative, or as a medicine when sick; while even to draught or hard-working† cattle comparatively little was ever given.

"That, where natural sources of supply are generally wanting, even grazing cattle used habitually from time to time to receive salt, while working cattle and milch cows received it regularly, and in considerable quantities.

"That, where natural sources exist, the imposition of our duty, though it has doubtless diminished the amount of purchased salt given to them, has not perceptibly affected the condition of the cattle, natural sources having been more extensively utilized, and cheap earth-salts, other than pure chloride of sodium, having been substituted for this; but that, where such sources are wanting, especially where salt is dear from causes independent of our duty, the imposition of this latter has so far curtailed the allowance of salt they receive, that the mass of the cattle, the property of the poorer classes, *are* decidedly in somewhat‡ worse condition and give less milk below than above line.

"That, while out of the thirty-four millions of horned cattle, horses, and camels estimated as living in the North-Western Provinces, Oude, Central Provinces, and the Punjab, the condition of, at the outside, not above two millions, has been perceptibly§ affected by the rate of duty now levied on all salt consumed in these provinces, the consumption of purchased edible salt by cattle has actually decreased most seriously."‖

139. Being desirous of ascertaining, as far as possible, the truth on this moot question as regards Bengal, I addressed a circular to each Collector in this presidency.

140. The answers differ greatly, and are in many instances diametrically opposed to each other.

141. The general result is, that the people do not make a practice of giving salt to cattle all the year round; some few rich zemindars, however, and the inhabitants of five districts do so give it; in some parts of the country it is never

* In many places, however, it was also given at the "Holee." and in others on "Punchumee."

† Camels, however, which seem to need at certain seasons very large doses of salt, are an exception to the rule, and people who keep large numbers of these in Bhuttecana and Hurriana always now, if resident inside the line, take them outside it when they need salt. Owners of one or two riding camels *may* afford to buy taxed salt for them, but those who have large herds of baggage animals cannot possibly do so.

‡ Of this ample evidence will be found in appendix A, under the Jhansie and Saugor Divisions. Mr. McMullen at Chirgaon, Mr. Graham at Bubeena, Mr. Dutton at Talbehat, Mr. Bachman at Bansee, Mir Mussoom Ali at Lullutpore, Oolfut Hoosein at Goonah, Mr. Baness at Saugor, Mr. Tritton at Paloha, and the Sub-Assistant in charge at Omerdha, all dwell more or less on this matter. It is impossible to doubt such a mass of concurrent testimony, opposed as it is to all the traditions of the Department, and to the opinions which, relying on my personal investigations from the banks of the Sutlej to the junction of the Jumna and Chumbal, I last year recorded. Besides, Messrs. Dutton, Baness, and Mir Massoom Ali are three as intelligent and experienced officers as the Department contains. That people here do feel the loss their cattle sustain is clear from the fact, that those resident anywhere near the line periodically drive their herds across the line out of jurisdiction, to give them a feed of untaxed salt. To this fact, almost every officer in both divisions (including many who do not notice the difference of appearance in the cattle above and below line) bears witness.

§ I say perceptibly because many zemindars (without accusing the salt laws of being the cause) say that the breed of cattle in Upper India is deteriorating. Salt *may* have had something to do with this; but I incline to believe that it results from the increased breadth of cultivation, and the vast diminution in pasture lands which has resulted from our improved administration.

‖ No really reliable estimate can be made of the extent of this decrease. Outside our line, six seers per annum a head are in many places given to draught, plough, and pack bullocks, and much more to camels. Even within line, it appears that in some parts of the country as much as this is now given by wealthy men to bullocks that they take a pride in, and three seers per annum is commonly given *by those who can afford it* to draught oxen. We shall be, I believe, quite within the mark if we assume that if salt was everywhere throughout the provinces with which we are concerned reduced in price by Rs. 3 a maund (the amount of our duty), when it would average 20 seers per rupee, and measures were taken to awaken the people to the advantages of giving a certain amount of salt to all their cattle, that the average consumption would not be less than one seer a head for three-fourths of the cattle, and three seers for the remaining one-fourth. This would increase cattle consumption from 17 (as now estimated) to 102 millions of lbs., and increase our total consumption by fully 18 per cent.

given; usually it is given in cases of sickness, and at changes of the season, more frequently to cows in milk. The advantages of giving salt seem generally recognized, though not universally, nor to the full extent; but salt is, as a rule, sparingly given, probably owing to its price. As an illustration, I would mention that in the Sontal Pergunnahs several cultivators club together and buying four or five maunds of salt throw them into a shallow pit, add water, and when the salt is absorbed into the soil cattle are allowed to lick the ground in the neighbourhood of the pit.

142. I think there is no doubt, looking at the reports of Mr. Hume's subordinates in 1869, and at the answers from Collectors to my questions, that on the whole in Continental India and in Bengal salt is sparingly given to cattle, and that in some parts of the country the advantage to cattle from it is not recognized. Whether this is owing to original ignorance or to the long-continued effect of our high duties, it is difficult to say, but anyhow this is clear, that in the undoubted value of salt to cattle, lies another reason why Government should reduce the price as far as it can do so without pecuniary sacrifices, which would end in substituting for a present evil others perhaps worse in their effects and certain to be more disliked.

143. There has not been any outcry against the salt duties in Bengal for many years, nor is there any reason to suppose that at present they are felt as a hardship by the people, yet the tax is heavier in this province than in any other, while very good reasons could be urged why it should be lighter. Were the salt tax a new tax now being imposed in India, its incidence would undoubtedly be adjusted in strict accordance with its character as a poll-tax, or means of levying an equal sum per head of the population, with an equal weight of privation or self-denial to all. As it is now known that the people who live on rice and green vegetables require for health and comfort a larger daily allowance of salt than those who live on wheat, flour, and on grains, the tax would be imposed accordingly, in due proportion to the difference of need among the inhabitants of various parts of India. If it was found that the rice-eating man required for health 12lbs. of salt per annum, while the flour-eater would thrive equally well on 8, the incidence of the tax would have been on the latter as three to two on the former, in other words, the Bengalee and the Madrassee would have paid a duty of Rs. 2, and the up-country man a duty of Rs. 3. Bengal.

144. On grounds of abstract justice, the Bengalee, whose food from its nature requires more salt than that of the resident of any part of India, not excepting Madras, has a fair ground of complaint in being made to pay the highest rate of all, instead of the lowest. Why then does he not grumble? First, because he has become accustomed to the burden. Secondly, because, owing to facility of river carriage, the burden nowhere is very heavy; the price is not doubled and nearly trebled on him, as in some parts of Continental India, by cost of carriage. Thirdly, because neither he nor his father can remember a time when salt was cheap; the duty was Rs. 3-4 in 1817, and since has never gone down lower than Rs. 2-8. Fourthly, because he gets more salt now than he used to do; prices being cheaper.

In 1841-42 the quantity sold in Bengal was just under 54 lakhs; in 1851-52 it was over 60½ lakhs; in 1861-62 it was 62½ lakhs, in 1871-72 it was 77½ lakhs. Undoubtedly in 1841-42 there was more smuggling and illicit manufacture than there is now, and the population was smaller; but these two causes are not, I think, sufficient to account for the great difference in the supply of licit salt. A large portion of that difference is, I have no doubt, attributable to the improved condition of the masses, some to the roads which, during the last few years, have been made in Bengal, and to the steamers plying on the rivers.

145. Although, therefore, in strict political economy, the duty in Bengal is unfairly fixed at its present rate, it would be a great mistake to lower it and to lose thereby some lakhs of revenue which are levied without complaint and without the infliction of any real hardship. Bengal comes under exception 3 of my 27th paragraph, as modified by paragraph 28. The consumption per head in Bengal is 9½lbs.,* which may roughly be taken as 13⅓ lbs. to every man, 9¼ lbs.

* Bengal Administration Report for 1871-72, page 151.

to every woman, and 6¼ lbs. to every child on the calculation of 300 men, 300 women, and 400 children in each 1,000 of the population.

146. At a retail price of eight seers for the rupee, the cost of the year's supply of salt to a laboring ryot, with a wife and two children, the usual size of a family, would be Rs. 2-4, of which Re. 1-7-4 would represent the duty.

147. Assuming the man's income from his land to be Rs. 10 per month, or Rs. 120 per year (and this is a moderate computation), the duty would fall on him as an income tax of Re. 1-2 per cent., and the price of the salt, including duty as an income tax, of Re. 1-14 per cent.

148. In the case of a laborer working for wages at Rs. 4 a month, and with a similar family, the year's tax would be at 3 per cent., the year's cost of salt would be at Rs. 4-11 per cent. Undoubtedly, however, a man in that position and his family would consume nothing like 9½ lbs. per head.

149. There appears to have been for some time an opinion prevalent that the people of Orissa were badly off as regards salt in comparison with the inhabitants of other parts of Bengal. As far as I can make out, the idea owed its origin to the Committee which was appointed in 1866 to investigate the effects of the inundations in Orissa, and which, like all Indian Committees, took advantage of its appointment for enquiring into one matter to investigate and tabulate everything else under the sun in the tract comprised within its orders.

"The Committee considered that an enquiry into the consumption of salt in Orissa would show how far this people were able to afford to purchase this necessary of existence. Accordingly, it appears that the average consumption amounts to about 12¾ lbs. per head, whereas the actual quantity, the Committee is assured, which a native requires and should have is 22½ lbs." This passage is an apt illustration of the foolishness and the mischief of dealing with doubtful statistics and with fanciful postulates.

150. The necessity for 22½ lbs. is purely imaginary, and as to the 12¾ lbs. all that can be said is that if the people of Orissa got it, they got more than the people of any other part of Bengal.

151. After the Inundation Committee came Mr. Hunter. His trumpet gives a very uncertain note. He starts by saying that "there can be no doubt that the Bengal rate presses more heavily upon the backward and comparatively poor districts of the Orissa delta than anywhere in Bengal itself;" and then states that "the average consumption of the three districts (of Orissa) during the period which ended in the great famine of 1865-66 amounted to 15¼ lbs. a head per annum. The lowest consumption of which I have obtained statistics since the famine year allows, as nearly as may be, 12 lbs. per head throughout Orissa."

152. The latter extract disproves the statement in the first and would show, if the figures were correct, that the Orissa people consume more salt than Bengalees generally elsewhere, and that therefore the rate presses less instead of more heavily on them than on other Bengalees.

153. Lastly, as maintaining the theory that the Orissa people suffer exceptionally from the duty on salt, I find a careful note of the Bengal Office which sums up its conclusion as follows:—"If the population of Orissa and the Tributary Mehals is correctly taken at 2,600,000, they consume only 9¼ lbs. of Bengal duty paid salt as against 13 lbs. per head all over Bengal."

154. All these estimates are utterly untrustworthy. When they were made, the population of both Orissa and Bengal was unknown, and it was also unknown how much of Ganjam salt and of Orissa salt went into the Tributary Mehals. The figures were mere guesses. I see no means of correctly ascertaining the consumption per head in Orissa. We now know the populations, but not the disposal of the salt. I place but little faith in the returns of consumption according to entries by the sellers on their rowannahs; and as to the quantities of excise salt on which duty is paid it is impossible to say how much goes into the Tributary States or even elsewhere, *ergo*, how much remains for consumption in Orissa itself.

155. I fail, however, to perceive any reason for thinking the people are worse off as regards salt than in other parts of Bengal. On the contrary, I believe they are better off. The eastern boundaries of all three districts are washed

by the sea, the districts themselves do not extend far inland; a very large proportion, therefore, of the whole area is soil on which the salt can be had almost for the picking up. There is no doubt that the population of the litoral tracts consume illicit salt to a great extent; add to this that excise manufacture is on a large scale, and that, in connection with such manufacture, there is necessarily more or less smuggling. All these considerations would lead to the expectation that the licit consumption is proportionately much less than in inland districts.

I cannot say what it is per head, for reasons given above, but if I trust the consumption returns, it is 8·46lbs. or nearly 8½lbs. If we were to exclude the inhabitants near the sea, who eat very little licit salt, the average per head on the remainder would be much larger. Any how, it may be assumed the consumption is increasing, for there is an increase in the sales of excise salt. Including salt sold from Government stores, the sales in 1868-69 were 265,026; in 1869-70, 306,088; in 1870-71, 253,184; in 1871-72, 303,771; in 1872-73, 392,341.

156. It has been usual to bracket Madras and Bombay in all discussions relating to salt, as if the conditions of the two provinces were identical. Except in this that both provinces have for a long time enjoyed a low rate of duty, I do not know that there is any marked similarity.

Bombay.

In paragraph 40 I have given an abstract of the reasons urged by the Government of Bombay against any increase of duty, and have also shown that the reason considered the strongest among these was no reason at all, being an erroneous conclusion from incorrect premises. Putting it aside, the remaining grounds of protest are contained in three paragraphs of the Bombay letter No. 382 of the 28th January 1868.

157. The argument that the salt tax should not be taken by itself, but that the whole system of taxation should be reviewed, is valid only as regards taxation affecting the lower classes. The salt tax is the tax of the poor, for it is a poll tax, and the incidence per head of a poll tax, is necessarily so light that only the poor feel it, and only the poor, therefore, need be considered. Now, in the Bombay letter, it is not even urged that there is in that province any exceptional taxation on the poor. Tolls and local cesses are generally referred to, and a tax and a succession duty on Inam holdings are specified. But tolls have been common all over India for many years, while the reference to cesses has lost what little force it may have had in 1868, for the road cess is now a tax in Bengal and in the North-Western Provinces, falling upon every member of the agricultural community. As to the Inam taxes, they are imposts upon a certain class, levied as a set-off against advantages enjoyed, and can in no way bear upon the questions connected with a universal tax. It would be as reasonable to urge as a ground of exemption from the imposition of equal duties in salt the license fees exacted from sellers of spirits and intoxicating drugs.

158. There was a short time ago a tax in Bombay which might with some reason have been brought forward as showing cause against any increase of the salt duties. I allude to the non-agricultural tax, of which the incidence fell greatly on the lower classes. This vexatious impost has, however, been wisely abolished, and there are in Bombay now no forms of taxation peculiar to the province and affecting the population generally. The Central Provinces with its Pandhri tax has a far better claim than Bombay on the ground of exceptional taxation to differential treatment in the matter of salt duty.

159. The next reason urged by the Bombay Government is the high price in Bombay of articles of ordinary consumption. Singularly enough, the paragraph which follows the one containing the objection answers it by allowing that "the position of the cultivating and laboring classes of this Presidency has greatly improved of late years," an improvement undoubtedly due in a measure to the high prices ruling for the articles which these classes produce.

160. If it be assumed that the Bombay Government made the best of their case, and brought to notice all the strongest existing points in their favor, it appears to me that judgment must necessarily go against them.

161. The fact that the Bombay people are not a rice-eating population is also opposed to the claim made for a continuance of low duties. The staple food is attah and dhall in Guzerat, the Deccan and Kandeish, and in the Kokan, three grains called natchin, hurrik, and wurri. For health, therefore, the people require less salt than the inhabitants of Bengal, of the eastern part of the Central Provinces, and of the larger portion of the Madras Presidency.

162. Connected with the question of salt duties in Bombay is the mal-administration of the Salt Department. The smuggling of salt in this Presidency has been notorious for years. It is referred to over and over again in the Customs reports of the North-Western Provinces, and is admitted in Mr. Peddar's report (1871) on the management of the Salt Department in Bombay, the quantity smuggled yearly being there estimated at over 8 lakhs of maunds. Writing of the town and island of Bombay, Mr. Peddar gives a striking proof of the extent to which smuggling is carried on. "Bombay" he says, "has, on an average of the last three years, received 4,66,004 maunds of salt, while 4,97,047 maunds have left it by railway," proving that the entire consumption of the city itself and a vast amount besides is smuggled. This is a disgraceful state of things.

163. I have found it impossible to arrive at a very correct estimate with regard to the consumption of salt per head of the population of the Bombay Presidency. The Financial Department's Statistical Blue Book gives, as the amount delivered for home consumption in 1870-71, 29,82,158 maunds, while the average of that and the two preceding years was 29,51,008 maunds. It is doubtful whether the figures for 1870-71 include Scinde. If we divide those figures by 13 millions, the approximate population of Bombay with Scinde, we get a consumption per head of over 18lbs. But if those figures do not include Scinde, and we divide them by 11,500,000, the population of Bombay without Scinde, we get a consumption of over 20 lbs. per head. In the face of the facts that the population is not a rice-eating population, and that smuggling is very rife, this rate of consumption of duty-paying salt is quite impossible. I believe the explanation lies in incorrect returns. I mean that a large proportion of the salt shewn as delivered for home consumption was really salt for inland consumption. The amount entered for inland consumption, *i. e.*, for consumption across the Bombay frontier, is for 1870-71 maunds 6,52,056. Now, evidently this cannot represent the entire consumption of the native States of Baroda and Kolapore which are supposed to consume only Bombay salt, the partial consumption of Malwa, the consumption of all the western portion of Hyderabad, and the large consumption of the western and middle portions of the Central Provinces. It may be concluded that a large quantity out of the 29 lakhs marked home consumption should have been credited to the other head of inland, and this supposition is borne out by a statement in Mr. Peddar's report that " the very large quantity of salt carried by the Great Indian Peninsula Railway from Kalliar station to the Central Provinces or the Nizam's territory, is entered in the permits as removed from the Bassein or Ghorchunder works to the Tanna district, in which Kalliar, where the salt changes hands, is situated." Clearly, therefore, the estimate as to consumption per head in Bombay, formed by dividing the home consumption salt by the population, is utterly fallacious. Mr. Peddar made some intricate calculations to ascertain the real consumption, and arrived at results of $9\frac{1}{4}$ lbs. per head for the British districts in Guzerat and the bordering States, and of $12\frac{1}{2}$ lbs. per head for the population of the remaining part of the Presidency. Mr. Peddar's conclusions cannot be accepted as free from doubt, but they are the result of careful research, and are probably nearer the truth than any other estimates which have been made. They would give an average for all Bombay of between $11\frac{1}{2}$ and $11\frac{2}{3}$ lbs. per head. Assuming the consumption to be as here indicated, it would follow that the incidence per head of the salt duty in Bombay is 4 annas $2\frac{1}{10}$ pie, or lighter than it is anywhere in India, except generally in Upper India, where the average consumption being only 6 lbs., the duty paid per head is annas $3\frac{3}{5}$. The Madrassee pays to Government on his yearly consumption of salt a duty of $5\frac{3}{10}$ annas, and the Bengalee a duty of $6\frac{7}{10}$ annas. It is not fair to bring the North-West man into the comparison, for the small amount of duty which he pays is the result of his small consumption, and this again is to a great extent directly produced by the action of Government, which forbids his making salt on his own salt fields, and, limiting him to foreign salt, forces him to pay largely for cost of carriage.

164. Looking to the facts that the staple food of the inhabitants of Bombay is not of the kind that requires a large allowance of salt, that their material condition is superior to that of the population generally of other parts of India, and that no special taxation exists now in Bombay which can be

pleaded as a set-off against an equalization of the salt duty, it appears to me to be a great injustice to 66 millions of Bengalees and 26½ millions of Madrassees to continue to allow to Bombay its present low rate of duty, under which the contribution to the State from each inhabitant is less than in Madras and Bengal. It has been proved that consumption has not fallen off owing to late increases of duty. I would continue increasing until the incidence of the duty per head was the same as in Bengal. Very probably a selling-price of Rs. 2-8 in conjunction with better provisions against smuggling would produce this result. A selling price of Rs. 2-8 would also enable the Government to abolish the customs line on the west and south of the Central Provinces without fear of even present loss of revenue.

Scinde.

165. In Scinde the salt duty is only eight annas per maund. There exists no reason whatever in their condition why the people of this province should pay less than their neighbours. I have, however, explained already why any attempt to levy a high duty would necessarily end in failure. Still I am inclined to think the duty might be safely raised to one rupee, if a careful system of excise and of protective documents for salt was inaugurated. The people, being near the Rajpootana frontier, would of course eat the salt brought from beyond, as they undoubtedly do at present, but it would scarcely pay to carry foreign salt far into the country, at the risk of confiscation and imprisonment, to undersell licit salt, of which the price would be about Re. 1-8 per maund.

Madras.

166. Madras has brought forward many reasons against any further increase of duty. See paragraph 48 of this note. The argument, which is founded on the difference of the land settlement in Madras and Bengal, is one which was urged also on the Bombay side; it is a weak argument, because, if it had force as against the Rs. 3 annas 4 duty of Bengal, it would have none as against the Rs. 3 duty of the North-West Provinces, where the settlements are not perpetual. But even in the comparison with Bengal, the argument seems to me to rest on a wrong foundation. Looking at the tax as what it really is, a poor man's tax, it really matters nothing whether the land settlement is a changing or a fixed settlement. The perpetual settlement of Bengal was not made with the ryots, and the real point at issue is not the conditions under which the land is held, but the margin available to the poor man wherewith to purchase salt after buying his necessary food; or, in other words, the comparative comfort or poverty in which the poorer classes live in different parts of India. Undoubtedly, the Government of Madras or of Bombay is an easier landlord or rent-receiver than the zemindar of Bengal. Besides, the Government takes only rent. The zemindar swells his receipts by the levy of unauthorized cesses. I believe there is no doubt that the agricultural classes in Madras and still more in Bombay are much better off than the Bengal ryots, and that they are able to spend in the purchase of salt a larger sum without privation. They have, therefore, on the ground of difference of land settlement, no claim whatever to a more favorable treatment.

167. Another argument advanced by the Madras authorities has reference to the facilities for illicit manufacture, which are offered by a long line of sea-coast. It is urged that a high duty would defeat its own object by the encouragement it would give to the salt-maker to evade the tax altogether. This would be a strong argument, if the question were between the continuance of a really low duty and the imposition of a high one; but at present the duty is nearly 1,000 per cent. on the cost of manufacture. No increase of profit can afford inducements to smuggling which do not already exist; the check on such practices is found in the bulky nature of the article as compared with its price, and in preventive arrangements, not in the difference of the temptation offered by a gain of 1,000 or of 1,600 per cent.

168. The last argument of the Madras Government and Revenue Board is as to the effect of increased duties upon consumption. In 1868 it could not be shewn that late increases had diminished consumption, but as formerly such had been the result, it was contended that any further enhancement would undoubtedly have this effect. Last year,* the Madras Government declared that the effect had been produced by the rise in 1869, which fixed the selling-price at Rs. 2 per maund. The figures on which the Madras authorities rely are based on information given by the purchasers of the salt as to its destination, and may, therefore, at first sight appear open to suspicion. But it should be remem-

* Reports on taxation in British India, 1872, page 500.

bered that if the statements of the purchasers are not to be implicitly trusted, they are at any rate as worthy of credence in one year as another, and comparisons based upon them may, therefore, be accepted as relatively correct. Besides the mis-statements of the purchasers, if any, would all be in the direction of crediting to Madras sales really made for export, and would thus swell, instead of diminishing, the returns of the consumption of the Presidency. If a man intends to smuggle salt into the Central Provinces or the Tributary Mehals, he buys it at Ganjam as if for home consumption. No object whatever would be gained by telling a lie about the destination, if the salt was really intended for a Madras district.

169. It appears to me that the Madras Government has fully established its contention that the last increase of duty was attended with decrease of consumption. If we look at the figures of *all* sales, not distinguishing between home consumption, as by declaration of purchasers, and inland or foreign consumption, we find the same result. The total sales for 1868-69 were 67,05,865, for 1869-70, were 63,84,931, and for 1870-71, were 64,49,740.* I have not got figures for the next two years.

170. Probably, however, the decrease is temporary. Still, in the face of a decrease, it seems unadvisable at present to again raise the duty. There is also a strong argument on the Madras side in the fact that the consumption per head, 14 lbs., is a much larger consumption than is to be found anywhere in India, and in the resulting fact that Madras, owing to this large consumption, contributes to the Exchequer a larger amount of salt duty in proportion to her population than any province, except Bengal. If the duty at Madras were raised to Rs. 2-8, consumption remaining as it is, the Madrassee would pay a tax of 7 annas, a rate higher than the Bengal incidence and double that of Upper India. As already stated, he pays a duty of $5\frac{3}{4\,0}$ annas per head to $6\frac{1}{4\,0}$ in Bengal. I do not see how, with any show of justice, the duty in Madras generally could be raised higher than Rs. 2-4, for if, as stated again lately by Lord Lawrence before the Finance Committee, the principle of the salt tax is the same as that of a poll-tax, *i. e.*, equality of incidence, it is clear that in regulating the duties for different parts of the country we must look to consumption as well as to rates, or in attempting equality of rates we shall produce great inequality of taxation. The case of Madras, and to a smaller extent the case of Bombay, come under the 3rd exception in paragraph 27 of this note.

171. There is another argument in favor of Madras. That Presidency pays far more under the head of excise in proportion to its population than any part of India except Bombay and the excise revenue is, like the salt revenue, contributed by the poorer classes. Such contributions are nowhere sufficiently large to afford by themselves an adequate ground for exemption from equal treatment *in re* the salt duties, but they strengthen the position when, as in Madras, other and weightier reasons exist against increasing the burden the people already bear.

Increase of duty at Ganjam.

172. But while I am of opinion that any large increase of the duty in the Madras Presidency generally at present would be opposed to the principles of just and equal taxation, I would yet recommend an increase in the price at Ganjam. With the abolition of preventive lines against Madras salt, Ganjam would supply about half the Central Provinces, all Orissa, and the Tributary Mehals. In each of these countries it would displace Rs. 3 or Rs. 3-4 duty salt. Without some rise in the Ganjam rate there would be a risk of loss of revenue, but with a price of Rs. 2-8 I believe there would be a gain instead of a loss; for while in the parts of Madras supplied by Ganjam salt the decrease in consumption would probably be small, in the much larger tracts opened out to it a considerable increase would certainly take place, and this and the stoppage of smuggling in Orissa, consequent on the stoppage of manufacture which could no longer be carried on at a profit, would recoup the Government for the loss on the levy of a lower duty. I do not give statistics to prove this assertion, for I have no certain ones; it is impossible to say what increase of consumption would follow the use of a cheaper salt in Orissa and in part of the Central Provinces. I take my stand on this, that in the eastern portion of those provinces salt sells at a rate which calls for relief, and that it is unjustifiable to subject the

* Statistical Blue Book of Financial Department.

people of those provinces to all the evils of a custom line to keep out our own salt. The simplest, the easiest, and the best form of relief is to abolish the line, and such abolition should therefore be a *sine qud non*. In order to avoid any loss to Government, I propose an increase of price at Ganjam, although I think such increase unfair to the Madras consumers of that salt; but in all countries the minority often have to suffer for the good of the majority. The inhabitants of Chatteesgurh have an equal claim on the Supreme Government with the inhabitants of districts near Ganjam; like these last they are a rice-eating population, and as such require for consumption nearly twice the quantity they can afford to buy at present prices.

173. I have said above that I do not think an increase of eight annas to the selling price of Ganjam salt would affect the consumption much in those parts of Madras where it is used. I am led to this conclusion by the fact that *generally* increases of duty in late years have not diminished consumption, and also by the tenor of evidence given in Madras in 1869 in connection with the salt duty. Messrs. Cammiade, Martin and Company, large dealers in salt, stated then, in answer to enquiries, "we commenced this business in July 1856, when the monopoly price was only one rupee per maund, and notwithstanding the frequent rise in the price of salt we always found the sales improving."*

"It seems to us that the rate of excise duty fixed on salt may be raised to Rs. 2 or 2¼ per Indian maund, without running the risk of reducing consumption." Coming from men with large and practical experience in the trade, this testimony is valuable, and bears out my belief that a rise at Ganjam up to Rs. 2-8, inclusive of cost of manufacture, would be attended with very little decrease in the purchases made for Madras districts. The experience of the last increase of duty may be considered as disproving this view, but the decrease consequent on the enhancement of 1869 has probably been very temporary, and, at any rate, has been slight.

Summing up.

174. To sum up, the measures which have suggested themselves to me as desirable in connection with the question of salt duties and of the supply of salt are:—

1*st*.—Completion of railways to the largest sources of supply.

2*nd*.—In Oude, local manufacture or payment by Government of cost of transport.

3*rd*.—Abolition of Central Provinces customs line.

4*th*.—Raising selling-price in Bombay to Rs. 2-8.

5*th*.—Raising duty in Scinde to Rc. 1.

6*th*.—Raising selling-price at Ganjam to Rs. 2-8.

General considerations.

175. I have come strongly to the conclusion that the cry of equalization of duties all over India is based upon great misconception. The salt tax is either a customs duty upon an article of consumption, like duties on tea, flour, beer, wine, &c., or it is an indirect means of levying from all classes, and especially the poorer classes, who are touched in no other way, a contribution towards the expenses of the State, that is, it is a poll-tax. We cannot consider it in the former aspect, for, if we do, it becomes an absurd anomaly. To tax for purposes of customs revenue, an article necessary to life and health, at a rate more than one hundred times higher than the duty levied on any article of luxury, would be the most monstrous piece of financial folly ever perpetrated. But as an indirect poll-tax, the salt duty is, up to certain limits, a fair and reasonable tax; its fault is that it falls heavier on the family-man than on the single; but to this one inequality of incidence we should be careful not to add others, such as must necessarily spring from levying the same duty from persons whose conditions of food require very different degrees of consumption. This principle has not been observed in fixing the rates which hold in the various Provinces of India, and, as I have attempted to shew, it would often be a mistake to interfere now with existing circumstances for the purpose of redressing an injustice which is neither felt nor complained of. But in any fresh application of the taxation screw, the principle of equality of incidence should, I think, be kept in view. Those who contend for extending to Madras and Bombay the Bengal or North-West rate of duty always defend their proposal by the statement that the increase of duty will not affect consumption. They fail to see that, if so,

* Enclosure to letter from Madras Government to Supreme Government, No. 2582 of 17th September 1869.

the result would be the imposition of a very much heavier tax than exists elsewhere. If Madras, with a duty of Rs. 3 annas 4, consumed as now 14lbs. per head, the personal incidence of the tax would be annas 9-1½ or about half as much again as it is in Bengal. On the other hand, no Government can wish to reduce the large consumption of Southern India, such consumption being doubtless a cause as well as a proof of prosperity in its bearing on the general health, on the condition of cattle, and on the trade which supplies Southern India with a valuable article of food, cured fish. If, by reducing the salt duties in Upper India to the Madras rate, we could produce the Madras consumption, it would be an excellent financial operation; so, in converse, if, by raising the Madras duty to that of the North-West, we produced the North-West rate of consumption, the result would be an enormous loss of revenue and severe suffering to the people.

176. It cannot be repeated too often that equalization of rates in salt duties must be accompanied by inequality of taxation, and therefore by injustice of treatment.

177. There is no part of our Indian Empire in which the application of the salt duties has had the disastrous effect which is fairly attributable to it in the North-Western Provinces and in Oude, of imposing on the people a parallel burden, equal to that of the duty, and which benefits neither Government nor subjects. Everywhere else, the cost to the consumer is that of the duty, *plus* such charges of conveyance as would exist were there no duty. In Bengal, Liverpool salt on the sea coast is, regard being had to its better quality, as cheap as would be salt manufactured there. In Madras and Bombay salt in the interior sells at what it would sell were there no duty, *plus* the duty. Under any circumstances, the Central Provinces would have to pay heavy costs for carriage, while the Punjab is supplied from the mountains of salt in the heart of the province, and would not be supplied otherwise, except on the borders, were there no duties at all levied.

178. The North-Western Provinces and Oude pay at the same time the highest prices of all for salt, and the smallest contribution of all towards the exchequer. The imposition of the salt duties has unnecessarily, I think, destroyed local manufacture and substituted salt which comes to the consumer with a heavy cost for carriage and often with a duty imposed by a Native State. It is the existence of these various component parts of the aggregate price which, to my mind, would, as long as the present system lasts, render a decrease of the duty in the North-West a useless sacrifice of revenue. When completed railways or resumption of local manufacture shall have lowered the cost of salt, a reduction in the duty would have a distinct effect, and probably be attended with such increase of consumption as would preclude any loss to the revenue.

179. The salt tax in India is a very different thing from any salt tax which has ever been levied in other countries. The comparison between it and the old French *Gabelles* is an incorrect one, for the *Gabelles* was a Government monopoly, and pressed on working classes, who, in other forms, bore already the chief weight of the national taxation. Moreover, the administration of the salt monopoly in France was exercised with great rigor and cruelty. In the 15th century hundreds of men were condemned to death and executed for salt smuggling. Later, the pain of death was not enforced, but the Salt Code was still most cruel. It is calculated that under Louis XIV, each year saw some 300 salt-smugglers sent to the galleys for life.* In India, the highest punishment which can be inflicted under the salt laws is confiscation of the article and imprisonment for a period of twelve months.

180. The present tax on salt in France differs from the Indian salt tax in the mildness of the duty and incidence. The former is 10 centimes per kilogramme, and the latter 85 centimes per head, equal to 1 penny and 8½d. The tax is a pure customs duty. The fact that in Europe all classes more or less contribute in various ways to the public revenue renders a very heavy tax on any one article of universal consumption an impossibility, as it would be an injustice. For example, in England, the lower classes pay taxes, and not light ones, on tea, coffee, sugar, beer, spirits, and tobacco, and these articles are not luxuries but almost necessaries of life from custom and habit. The working classes in India

* Theune des Deux Mondes, 1st January 1873, page 195.

pay taxes on salt, on exciseable articles (spirits and intoxicating drugs), and on piece-goods. The first is the only general tax; the second is not paid at all by the majority, and in any case is very light; the third is also not paid by a large portion of the population, and, when it is paid, is paid only because the imported article is cheaper than the home manufacture.

181. But it is not only as regards the lower classes that the conditions of taxation in England and in India differ widely. The disproportion is almost greater with the monied classes. In common with the agricultural laborer and the artisan, the landed proprietor, the merchant, and the professional man contribute to customs and excise duties, and, in addition, pay assessed taxes, succession duties, house duty, and either property tax under schedule A of the income tax or a tax on profits, salaries, or income under Schedules B, D, and E. They also pay taxes on litigation. With the exception of this last, the wealthy native of India generally pays none of these taxes. Very often the tax on salt is the only contribution his wealth makes to the maintenance of the Government which rendered its accumulation possible.

182. An indirect tax, which enforces itself universally, seems a necessity for India at present, if all classes are to pay something to the revenue. Still, granting this, it cannot be disputed that there are many and great objections to a high tax on salt. It interferes with certain trades and callings; it deprives cattle, the wealth of an agricultural country, of what is necessary to their health and development; and it often assists the insidious attacks of disease among the poorest of the poor. It appears to me that one of the chief aims of Indian finance should be to find substitutes for this impost, substitutes which would allow of the duty on salt becoming, as at present in France, a customs duty, so light as not to be felt, so universal as to remain a source of large profit to the State. I have long thought tobacco offers itself naturally as such a substitute in a country where almost every man, woman, and child smokes, and I feel convinced that the day will come when we shall look back with surprise at the persistence with which we have laid a heavy burden on a necessary of life, because its consumption is universal, and allowed a luxury under similar conditions to go free.

183. In this note upon Salt I have rather avoided than searched for statistics. Nothing misleads like figures, unless they are strictly accurate. In looking everywhere for information, I have come upon masses of statistics, but scarcely any would bear dissection, and I have therefore preferred, as a rule, to deal with general principles and acknowledged facts.

The 5th August 1873. A. MONEY.

pay taxes on salt, on exciseable articles (spirits and intoxicating drugs), and on piece-goods. The first is the only general tax; the second is not paid at all by the majority, and in any case is very light; the third is also not paid by a large portion of the population, and, when it is paid, is paid only because the imported article is cheaper than the home manufacture.

181. But it is not only as regards the lower classes that the conditions of taxation in England and in India differ widely. The disproportion is almost greater with the monied classes. In common with the agricultural laborer and the artisan, the landed proprietor, the merchant, and the professional man contribute to customs and excise duties, and, in addition, pay assessed taxes, succession duties, house duty, and either property tax under schedule A of the income tax or a tax on profits, salaries, or income under Schedules B, D, and E. They also pay taxes on litigation. With the exception of this last, the wealthy native of India generally pays none of these taxes. Very often the tax on salt is the only contribution his wealth makes to the maintenance of the Government which rendered its accumulation possible.

182. An indirect tax, which enforces itself universally, seems a necessity for India at present, if all classes are to pay something to the revenue. Still, granting this, it cannot be disputed that there are many and great objections to a high tax on salt. It interferes with certain trades and callings; it deprives cattle, the wealth of an agricultural country, of what is necessary to their health and development; and it often assists the insidious attacks of disease among the poorest of the poor. It appears to me that one of the chief aims of Indian finance should be to find substitutes for this impost, substitutes which would allow of the duty on salt becoming, as at present in France, a customs duty, so light as not to be felt, so universal as to remain a source of large profit to the State. I have long thought tobacco offers itself naturally as such a substitute in a country where almost every man, woman, and child smokes, and I feel convinced that the day will come when we shall look back with surprise at the persistence with which we have laid a heavy burden on a necessary of life, because its consumption is universal, and allowed a luxury under similar conditions to go free.

183. In this note upon Salt I have rather avoided than searched for statistics. Nothing misleads like figures, unless they are strictly accurate. In looking everywhere for information, I have come upon masses of statistics, but scarcely any would bear dissection, and I have therefore preferred, as a rule, to deal with general principles and acknowledged facts.

The 5th August 1873. A. MONEY.